



"The City with a Heart"

Rico Medina, Mayor
Linda Mason, Vice Mayor
Tom Hamilton, Councilmember
Marty Medina, Councilmember
Michael Salazar, Councilmember

AB-361 **CORONAVIRUS COVID-19**

On September 16, 2021, the Governor of California signed AB-361 suspending certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings telephonically or by other electronic means. Pursuant to the CDC's social distancing guidelines which discourage large public gatherings, the San Bruno City Council meetings are being conducted electronically. The meeting is not available for in-person attendance. Members of the public may attend the meeting by video or phone linked in this agenda or watch by livestream at [youtube.com/user/cityofsanbruno](https://www.youtube.com/user/cityofsanbruno). CityNet Services Channel 1 will air the meeting live and the recorded meeting will be made available for viewing on the City's YouTube channel after the meeting has concluded.

If you would like to make a Public Comment on an item not on the agenda, or comment on a particular agenda item, please email cityclerk@sanbruno.ca.gov. Emails received before the special or regular meeting start time will be forwarded to the City Council, posted on the City's website and will become part of the public record for that meeting. If emailed comments are received after the meeting start time, or after the meeting ends, they will be forwarded to the City Council and filed with the agenda packet becoming part of the public record for that meeting. Emails received will not be read aloud during the meeting.

Individuals who require special assistance of a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, agenda packet or other writings that may be distributed at the meeting, should contact the City Clerk 48 hours prior to the meeting at (650) 616-7070 or by email at cityclerk@sanbruno.ca.gov. Notification in advance of the meeting will enable the City of San Bruno to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

AGENDA **SAN BRUNO CITY COUNCIL SPECIAL MEETING** **June 28, 2022** **5:00 PM**

Zoom Meeting Details

[https://sanbruno-ca-gov.zoom.us/j/88410383260?
pwd=WTFQZUtWOVd6dEE1UlhEY1o3a3VBZz09](https://sanbruno-ca-gov.zoom.us/j/88410383260?pwd=WTFQZUtWOVd6dEE1UlhEY1o3a3VBZz09)

Webinar or Meeting ID: 884 1038 3260

Webinar or Meeting Password: 675287

**Zoom Phone Line: 1-646-558-8656 (same webinar ID and password
as above)**

City Council meetings are conducted in accordance with Roberts Rules of Order. All regular Council meetings are recorded and televised on CityNet Services Channel 1 and replayed the following Thursday, at 2:00 pm.

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA**

Individuals allowed three minutes. It is the Council's policy to refer matters raised in this forum to staff for investigation and/or action where appropriate. The Brown Act prohibits the Council from discussing or acting upon any matter not agendized pursuant to State Law.

4. **CONDUCT OF BUSINESS**

a. Adopt Resolution Approving the San Bruno Community Foundation FY2022-23 Budget

b. Hold Public Hearing and Adopt Resolutions • Approving FY2022-23 Operating and FY2023-27 Capital Improvement Program Budget • Approving City Appropriations (Gann) Limit for FY2022-23

5. **ADJOURNMENT** – The next Regular City Council Meeting will be held on June 28, 2022 at 7:00 p.m.



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: June 28, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

SUBJECT: Adopt Resolution Approving the San Bruno Community Foundation
FY2022-23 Budget

BACKGROUND: The San Bruno Community Foundation (SBCF) is the organization created by the City Council to invest, manage and expend the restitution settlement of \$70 million in cash and real property that the City received from PG&E after the gas line explosion in the Crestmoor neighborhood. In 2016, SBCF began implementing a series of programs utilizing the restitution funds for the benefit of the San Bruno community, consistent with their Program Strategy Framework. These programs include:

- Crestmoor Scholarships
- Community Grants Fund
- Strategic Grants
- Other Grants

Under Article XVI of the Foundation's Bylaws, adoption of the Foundation's annual budget requires City Council approval.

The SBCF Board approved the FY2022-23 Budget on June 1, 2022. Copies of the staff report and budget are provided as Attachment 1. On May 31, 2022, the City Council conducted a study session to review the budget.

DISCUSSION: The attached SBCF memo describes and explains all of the line items in the budget. The funds available for operations are primarily transfers from SBCF's Quasi-Endowment, Strategic Pool, and Liquidity-RAC subaccount.

FISCAL IMPACT: There is no fiscal impact.

ENVIRONMENTAL IMPACT: There is no environmental impact. The action is not a project subject to CEQA. City Council's action is not considered a "Project" per CEQA Guidelines and therefore no further environmental analysis is required.

RECOMMENDATION: Adopt Resolution Approving the San Bruno Community Foundation
FY2022-23 Budget

ALTERNATIVES:

1. Provide direction to the SBCF regarding the budget line items.

ATTACHMENTS:

1. SBCF Memo and attachments dated June 23, 2022
2. City Council Resolution approving the SBCF 2022-23 budget

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DATE: June 23, 2022

TO: San Bruno City Council

FROM: Leslie Hatamiya, Executive Director

SUBJECT: Fiscal Year 2022-2023 Budget for the San Bruno Community Foundation

At the direction of the San Bruno Community Foundation's Board of Directors, I am presenting to the San Bruno City Council the Foundation's fiscal year 2022-2023 budget for consideration at the Council's June 28, 2022, Special Meeting.

Under the Bylaws, the San Bruno Community Foundation's fiscal year runs from July 1 to June 30, and its annual budget must be approved by the San Bruno City Council. I first presented the proposed fiscal year 2022-2023 budget to the Council at a study session on May 31, 2022. The next day, on June 1, 2022, I presented the proposed budget to the SBCF Board of Directors, which formally approved the budget as well as transfers from the Quasi-Endowment, Strategic Pool, and Liquidity-RAC investment accounts to cover the Foundation's cash flow needs during the upcoming fiscal year. The next stage in the budget process is formal consideration by the City Council. The resolution and budget that the Board approved is attached to this memo, as is the staff memo explaining the budget.

On May 31, Councilmembers provided feedback on the budget. As I articulated at the study session, \$5.5 million is budgeted for Strategic Grants (line 12 of Exhibit A). Of that amount, approximately \$5 million is designated for at least one major strategic grant (defined as at least \$1 million). The Foundation Board knows that the City of San Bruno may approach SBCF for additional funding to cover anticipated costs related to the Recreation and Aquatic Center (RAC) project, which would come out of that \$5 million allocation. Foundation leadership is in regular contact with City staff about the RAC budget and is prepared to bring to the Board for consideration an increase in grant funding to address additional costs related to the RAC project if needed. As evidenced by the \$50 million in grants already awarded to the RAC project, the Foundation is committed to the successful opening in 2023 of a 21st century recreation facility for all in San Bruno to enjoy.

The budget also includes at least \$500,000 for smaller strategic grants (under \$1 million in size). As I also articulated at the study session, Foundation leadership has been in discussion with City staff about the City's plans to develop Centennial Park into a community gathering space on San Mateo Avenue. The Foundation is interested in supporting these plans to enhance

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downtown San Bruno and, once the City finalizes its plans and budget for the project, welcomes from the City a concrete Centennial Park grant proposal.

The Foundation believes both the RAC project and the Centennial Park development are important efforts to enhance the quality of life in San Bruno, consistent with the Foundation's mission, and looks forward to working with the City, as its plans for both projects continue to be developed and refined, to see them come to fruition.

We appreciate the Council's attention to the SBCF fiscal year 2022-2023 budget and respectfully request that the Council approve the budget on June 28.

Attachments:

1. Staff Memo Regarding SBCF Budget and Transfers from the Quasi-Endowment, Strategic Pool, and Liquidity-RAC Subaccount to the Liquidity-Operating Subaccount for Fiscal Year 2022-2023, dated May 27, 2022
2. Resolution Approving Fiscal Year 2022-2023 Budget, Setting the Quasi-Endowment Payout Rate for Fiscal Year 2022-2023, Approving Transfer from the Strategic Pool Investment Account to the Liquidity-Operating Subaccount for Fiscal Year 2022-2023, and Approving Transfer from the Liquidity-RAC Investment Subaccount to the Liquidity-Operating Subaccount for Fiscal Year 2022-2023, approved by the SBCF Board of Directors on June 1, 2022
3. Exhibit A: 2022-2023 Budget

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DATE: May 27, 2022

TO: Board of Directors, San Bruno Community Foundation

FROM: Leslie Hatamiya, Executive Director

SUBJECT: SBCF Budget and Transfers from the Quasi-Endowment, Strategic Pool, and Liquidity-RAC Subaccount to the Liquidity-Operating Subaccount for Fiscal Year 2022-2023

Under our Bylaws, the Foundation's fiscal year runs from July 1 to June 30, and its annual budget must be approved by the San Bruno City Council. As we approach the end of the 2021-2022 fiscal year, I will present the 2022-2023 budget to the Board for approval at the June 1, 2022, Board meeting. I will also present the budget to the City Council on May 31, the day before our Board meeting, and if the SBCF Board approves it, the budget will be submitted to the City Council for approval at its regular meeting on June 28, 2022.

1. SBCF's Overall Financial Picture

Before I provide a detailed account of the FY2022-2023 budget, I think it is instructive to review the overall financial health of the organization. The following chart provides a high-level picture of the Foundation's overall financial history and health and includes both the investment portfolio managed by Sand Hill Global Advisors, LLC, as well as other funds (including initial funds received from the restitution funds to support the Foundation's operations in 2015-2016 prior to establishing the investment accounts as well as donations received):

SBCF Financial Snapshot (rounded to millions of \$)	
Total Initial Assets	\$71 million
Investment Gains Through 4/30/22	+\$16 million
Donations and Other Income Through 4/30/22	+\$2 million
Total Funds Disbursed Through 4/30/22	-\$29 million
Portfolio Value as of 4/30/22	\$60 million

Total initial assets include the \$69.8 million that was transferred to our Fidelity investment accounts in 2016 as well as about \$700,000 in cash that the City had transferred to the Foundation prior to then to cover our expenses from inception through June 2016. Investment

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gains are those made by the investment portfolio (the funds managed by Sand Hill). Donations and other income have flowed through our operating accounts but are not reflected in our investment portfolio.

We are in a period of high market volatility, and while the Foundation's investment portfolio has experienced some unrealized losses in the past year, the Foundation's overall financial health remains strong. As of April 30, 2022, the Foundation's total assets were \$60,068,244, with total liabilities of \$30,150,891 and net assets of \$29,917,353.

2. Budgeting Principles

In developing this budget, I am guided by the principles of transparency and economy. As prudent stewards of the restitution funds, we want to communicate our decisions and activities with the community and have accordingly provided ample budget to do so. At the same time, we will be cost-conscious in all categories of expenses.

As I remind the Board each year, ours is not a typical nonprofit budget, where the goal is for expenses to equal revenues. Most nonprofit budgets are income-driven because the nonprofit is able to spend only the funds it expects to bring in that year. In contrast, as a result of our ample investment portfolio, the Foundation's budget is expense-driven. Our budgeted "income" consists primarily of transfers from our assets (Quasi-Endowment, Strategic Pool, and Liquidity-RAC subaccount) to our operating budget to cover our cash needs during the fiscal year, along with a relatively small cohort of donations and interest income earned on our operating funds. We do not seek – and typically do not achieve – a "balanced budget," as our cash needs do not necessarily match our recorded expenses in a given year. This is because we record grant and scholarship commitments as expenses at the time agreements are executed and scholarships awarded, but grant and scholarship payments are often made in a later fiscal year. As a result, the fact that in the FY2022-2023 budget funds available for operations (\$34,155,025) far exceed expenses (\$6,418,163) should not be a cause for concern. The calculations of our expenses and funds available for operations should be analyzed separately, as they are based on different factors and needs.

3. FY2022-2023 Expenses

We have three main categories of expenses: Direct Program Expenses (Crestmoor Scholarships, Community Grants Fund, Strategic Grants, and Other Grants), Personnel Expenses, and Non-Personnel Support Costs. As previously mentioned, grant and scholarship commitments are recorded as expenses at the time grant agreements are executed and scholarships are awarded (but not necessarily paid out). We are currently projecting expenses of \$6,418,163.

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a. Direct Program Expenses

- Crestmoor Scholarships: This line is set at \$160,000, which is a \$40,000 increase from the \$120,000 awarded in 2017, 2018, and 2019. In 2020 and 2022, we awarded \$190,000 in scholarships based on a \$70,000 restricted donation from the Joseph W Welch Jr Foundation (in 2022, we also received a \$1,000 restricted donation from an individual donor). In 2021, we awarded \$195,000 in scholarships based on another \$70,000 donation from the Welch Foundation, a \$7,349 donation from the San Mateo County Association of REALTORS® Foundation, and a \$1,000 donation from an individual donor. At this time, we do not anticipate any donations earmarked for the Crestmoor Scholarship in fiscal year 2022-2023. However, in November 2019 (prior to the first Welch donation), the Board approved an increase in scholarship awards to \$160,000 based on a recommendation from the Ad Hoc Committee on Crestmoor Scholarship, and this is the basis for the \$160,000 budgeted amount. At this level, the Foundation will likely award a total of 11 scholarships in 2023: six high school to four-year college, two high school to community college, and three community college to four-year college.
- Community Grants Fund: This line is set at \$300,000, reflecting \$200,000 of the Foundation's funds and a \$100,000 donation from a community partner. This level of funding is consistent with the total amount of grants awarded the past three years of the program, with donations from Google.org/YouTube.
- Strategic Grants: This line is budgeted at \$5,500,000. It includes a \$5 million placeholder for a potential significant strategic grant; the Board anticipated the possibility of at least one major strategic grant of up to \$5 million as part of Strategic Plan 2.0, and we know that the City of San Bruno may approach SBCF for additional funding to cover anticipated costs related to the Recreation and Aquatic Center project. The \$5 million placeholder gives the Board the flexibility to consider such a request or other major strategic grantmaking opportunities that may arise. If no such opportunities materialize in the coming fiscal year, the Board retains the ability to decide not to make such an investment in 2022-2023.

This budget line also includes an additional \$500,000 that can be used for other, smaller strategic grants, such as continuation of support for Community Day, additional COVID-relief grants, other strategic grants that the Foundation has been investigating (particularly those related to education), and smaller grants that could result from the Listening Campaign and strategic planning process.

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As a reminder, all strategic grants require specific Board approval, not just inclusion in the budget. Decisions on specific strategic grants will take place as proposals are vetted during the course of the year.

- Other Grants: Each year we budget \$10,000 for our Off-Cycle Small Grants process. This process is used to consider funding requests from organizations that: (a) seek funding for programs or projects that benefit the San Bruno community in a particularly meaningful and significant way and fall within one of the Foundation's focus areas; (b) do not exceed \$10,000; (c) cannot be reasonably considered during the next Community Grants Fund application schedule due to timing requirements; and (d) meet the organization and activity eligibility requirements of the Community Grants Fund.

b. Direct Personnel Expenses

- Salaries & Wages: This line reflects the Executive Director's current salary and the Program Manager's anticipated wages for the fiscal year. The Program Manager position (0.3 FTE, non-exempt) is paid hourly based on actual hours worked, and the budgeted amount is an estimate for the fiscal year. Actual salary/wages may be slightly different than the budgeted amount.
- Payroll Taxes & Benefits: This line reflects payroll taxes, workers compensation insurance premiums, and employee benefits for the fiscal year. Benefits include retirement plan contributions, life insurance, and personal time off.

Total Personnel Expenses are budgeted to decrease 5.7% (\$14,853) from the projected level for 2021-2022, as the current year's personnel expenses have been higher than expected, due in part to multiple transitions in the Program Manager position.

c. Non-Personnel Support Costs

- Occupancy: This line reflects the total rent for 2022-2023 under the current office lease, which runs through March 2025. Monthly rent will be \$1,344.96 from July through December 2022, \$1,360.44 for January through March 2023, and \$1,399.44 for April through June 2023.
- Insurance: This line is based on the Foundation's current commercial general liability, property, auto, cyber, and directors and officers liability insurance policies

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(\$15,325), which have an annual renewal date of March 21. It also includes the Foundation's crime insurance policy (\$3,247), which has a renewal date of May 27. I have added an extra \$1,000 in case we experience any premium increases upon renewal in 2023.

- Telecommunications: This line includes continuation of cell phone expenses for the Executive Director and Program Manager (\$1,056), broadband Internet access for the office, and the office landline (\$1,056 for Internet and landline through San Bruno CityNet Services combined). This line also includes telecommunications expenses for the Program Manager, who works from home (\$240).
- Postage & Shipping: This line includes office postage (\$720) as well as the projected postage required for the fall Annual Report mailing (nonprofit rate) to all San Bruno addresses (\$1,500). Based on feedback during Community Listening Campaign 2, this line includes an additional \$1,500 to allow for one additional citywide mailing during the year.
- Marketing & Communications: This line covers the projected printing costs associated with the Annual Report (\$8,000) and one additional citywide mailing (\$3,500). It also includes funds for graphic design services (\$1,500), flyer/poster printing for the Community Grants Fund (\$700), flyer/poster printing for the Crestmoor Scholarships (\$800), website and e-newsletter costs (\$275), holiday cards (\$200), and costs associated with online grant and scholarship applications (\$1,903).
- Office Supplies and Equipment: This line includes \$140 monthly for office supplies and \$500 for computer backup and other software fees and miscellaneous office equipment expenses (such as repairing the printer, which has seen considerable wear and tear over the past seven years). It also includes \$3,000 for a new laptop and related software for the Executive Director. The current laptop is now three years old, and while it is working properly now, by the end of the next fiscal year it may be time to invest in a new laptop if the current laptop begins to falter. The projected useful life for business computer equipment is typically three years.
- Legal Fees: Based on 2021-2022 expenses for outside nonprofit counsel (NEO Law Group), \$10,000 (\$833 per month) has been budgeted. In past years, this line has also included reimbursement for 5% of the City Attorney's compensation. With the current City Attorney's retirement, I have included a \$25,200 placeholder for comparable services (7 hours a month at \$300 per hour), in the event that we contract with an outside firm for public and municipal law counsel. An additional

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\$10,000 has also been added for specialized legal advice (for example, employment law counsel) that may be needed. We typically come in well under budget on this line, assuming no unexpected, major legal issues arise.

- Accounting & Payroll Fees: Payroll fees (\$1,092) are based on the current arrangement with our payroll vendor (Intuit QuickBooks). For audit and tax preparation services, \$10,100 is budgeted, per the Foundation's contract with Novogradac & Company. In addition to \$540 for QuickBooks accounting software, \$23,760 is included for the accounting consultant/full charge bookkeeper, per the terms of our professional services agreement with him.
- Other Consultants: This line includes \$9,438 for the IT consultant (based on current usage and the terms of our professional services agreement); \$10,000 for a consultant to lead the Board's diversity, equity, and inclusion (DEI) activities; \$15,000 for a fundraising consultant to provide an analysis of the Foundation's fundraising potential and the cost of building up a fundraising operation; and \$1,000 for other consultants (such as for translation services). The DEI and fundraising consultants have not been secured at this time, and the budget estimates are ceiling placeholders. It is anticipated that actual expenses will be lower than the budgeted amount.
- Travel, Meetings & Conferences: Not knowing at what point the Foundation will resume in-person meetings and gatherings, this line includes expenses for both virtual and hybrid (combination in-person and virtual) meetings: \$2,091 for Board meeting room rental (budgeted for 10 meetings, assuming the soonest the Board begins hybrid meetings is in September), \$12,500 for use of San Bruno CityNet Services staff and technology to video 10 in-person meetings for access on Zoom, \$700 for two Zoom Pro subscriptions and one Zoom webinar subscription, \$200 for meeting-related refreshments (including an in-person scholarship reception), \$180 for the Program Manager's mileage reimbursement, and \$200 for miscellaneous conference, training, and meeting expenses. If the Board continues to meet exclusively on Zoom for the foreseeable future, meeting costs should be substantially lower than what is budgeted.
- Miscellaneous: This line includes various expenses that may arise and do not fit in any of the other cost categories. It typically covers professional organization membership fees (such as the San Bruno Chamber of Commerce, Thrive: Alliance of Nonprofits, and the California Association of Nonprofits), bank fees, online news

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subscriptions, Board and partner recognition, and government/agency taxes and fees.

Total Non-Personnel Support Costs are budgeted to increase \$67,493 from the 2021-2022 year-end projection (but note that they are only a \$25,217 increase from the 2021-2022 budgeted amounts). This is due to a combination of (a) budgeting based on contract ceilings and providing flexibility for unanticipated expenses, and (b) several new expenses (*e.g.*, significantly increased meeting costs in the event that the Board transitions to hybrid meetings by the fall). Budgeted amounts operate as ceilings, and I am very cost-conscious in all purchasing decisions, so that actual costs frequently turn out to be lower than the budget projections. Please note that in 2021-2022, actual Non-Personnel Support Costs are projected to be 24.2% (\$42,276) lower than the budgeted amount, and that from 2015-2016 to 2020-2021, actual Non-Personnel Support Costs have averaged 11.6% lower than the budgeted amount.

The biggest changes in Non-Personnel Support Costs are: (a) a nearly \$2,500 decrease in Insurance premiums (due to a transition to a new carrier for our directors and officers insurance policy); (b) a \$26,899 increase in Other Consultants Fees (primarily because such fees have been much lower than usual in the current fiscal year and we anticipate working with a DEI consultant and a fundraising consultant in 2022-2023); (c) a \$15,049 increase in Travel, Meetings & Conferences (due to significantly increased meeting costs associated with an anticipated transition to hybrid Board meetings); a \$17,995 increase in Legal Fees (due to uncertainty regarding the cost of new public/municipal law counsel resulting from the retirement of the City Attorney); and (e) a \$5,276 increase in Marketing & Communications (due to funds available for a second citywide mailing).

4. FY2022-2023 Funds Available for Operations

As mentioned above, this is not a balanced budget, where income equals expenses. Instead, the Funds Available for Operations are determined by analyzing the Foundation's cash needs for the fiscal year. Our assumption is that all Personnel Expenses and Non-Personnel Support Costs will be paid out during the fiscal year (\$448,163). Projected cash needs for Program Disbursements (total of \$35,640,792) are as follows:

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Crestmoor Scholarship	
2020 Scholars	\$35,000
2021 Scholars	\$35,000
2022 Scholars	\$55,000
2023 Scholars	\$50,000
Total Crestmoor Scholarship	\$175,000
Community Grants Fund	
Grants to be awarded in December 2022	\$300,000
Total Community Grants Fund	\$300,000
Strategic Grants	
RAC Grants	\$29,465,792
Community Day 2022	\$30,000
Music Education Strategic Initiative Extension	\$160,000
Possible major grant – to be determined	\$5,000,000
Other miscellaneous strategic grants – to be determined	\$500,000
Total Strategic Grants	\$35,155,792
Other Grants	
Out-of-Cycle Responsive Grants	\$10,000
Total Other Grants	\$10,000

Total cash needs for 2022-2023 are estimated at \$36,088,955. This figure, after adjustment for residual 2021-2022 cash balance, drives the Foundation's Funds Available for Operations in 2022-2023.

We have two categories of Funds Available for Operations: Operating Income and Transfers from Investments.

a. Operating Income

At this time, projected Operating Income is low (\$10,543):

- Interest Income: This line includes estimated investment income from the Operations portion of the Fidelity Liquidity Pool account and interest earned on the Wells Fargo bank accounts. This is a conservative estimate, based on 50% of the actual interest income anticipated for fiscal year 2021-2022. In the context of the full budget, even if Interest Income is higher than budgeted, it will remain a small portion of the Funds Available for Operations.

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- Restricted Donations: There are no firm commitments for donations earmarked to specific programs, but we may receive such restricted donations during the year.

b. Transfers from Investments

The Foundation's available funds come primarily from transfers from the Quasi-Endowment, the Strategic Pool, and the Liquidity Pool-RAC subaccount. The question in developing this budget is what portion of the needed funds comes from each pool. In answering this question, it is important to think back to the original purpose of each pool of funds. In responding to the results of the Community Listening Campaign, the Board decided to designate about \$55 million of the restitution funds to establish the Strategic Pool to be spent outright on strategic initiatives, including at least one major community facility project (which ultimately turned out to be the RAC).

The Liquidity Pool was created to serve as a holding account for expenditures planned in the subsequent 0-24 months. Its purpose is to mirror the Foundation's operating accounts, and it may be funded by both the Quasi-Endowment and the Strategic Pool. The investment goal for the Liquidity Pool is to preserve the principal balance of all funds directed into this pool, and as such, capital preservation and liquidity are the primary objectives. In 2018, the Board moved \$10 million from the Strategic Pool to the Liquidity Pool for use in the following fiscal year (and thus not part of the current fiscal year's operating budget) in order to reduce market volatility risk for a portion of the funds to be used to fund the RAC project. This led to the creation of two subaccounts in the Liquidity Pool – Liquidity-Operating and Liquidity-RAC – which receive different treatment in the Foundation's monthly financial statements, and each receives its share of interest income that the Pool accrues. In the balance sheet, funds in the Liquidity-RAC subaccount are shown as investment assets and not part of the operating budget. In contrast, the funds in the Liquidity Pool intended to support that fiscal year's operating budget (Liquidity-Operating) are shown as cash assets.

The Board also created the Quasi-Endowment with \$15 million of the restitution funds. The idea behind the Quasi-Endowment has been to follow a long-term endowment investment strategy, so that only a portion of the investment income would be used for operations, and that once the Strategic Pool had been depleted, a scaled-back version of the Foundation could continue to operate – possibly in perpetuity – funding the Crestmoor Scholarships, the Community Grants Fund, and potentially some smaller strategic projects on an ongoing basis. In creating the Investment Operating Plan in 2016, the Board decided not to take any Quasi-Endowment payout in the first year of possessing the restitution funds (2016-2017) to enable the Quasi-Endowment to grow. Since then, the Board has approved the annual payout rate to cover the year's cash needs for the Crestmoor Scholarship and Community Grants Fund, as follows:

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Fiscal Year	QE Payout Rate	Average QE Balance of Past 12 Quarters	Approved QE Payout
FY2017-2018	2.25%	\$15,685,369	\$352,921
FY2018-2019	1.95%	\$16,409,212	\$319,980
FY2019-2020	1.90%	\$16,711,034	\$317,510
FY2020-2021	1.70%	\$17,392,997	\$295,681
FY2021-2022	1.70%	\$18,407,790	\$312,932

Consistent with the vision behind the Quasi-Endowment, the approved payout rates have been well below the maximum of 7% set out in the Investment Operating Plan and have allowed the Quasi-Endowment to continue to grow while the Foundation still has funds in the Strategic Pool to cover other expenses.

Residual cash on hand as of June 30, 2022, is projected to be \$2,035,739. Of the residual cash on hand, \$190,873 is earmarked for Community Grants and Crestmoor Scholarships. This year, I reconciled all past disbursements for the Community Grants Fund and the Crestmoor Scholarship with Quasi-Endowment payout and restricted donations for those two programs since fiscal year 2017-2018 (the first year we had Quasi-Endowment payout). Although Quasi-Endowment payout has been calculated each year based on expected cash needs, Quasi-Endowment payout has often exceeded actual payments for the Crestmoor Scholarship and Community Grants Fund programs for two primary reasons. First, because the payout rate is expressed as a percentage and not as a precise dollar amount, the payout has generally been slightly more than the needed amount. Second, the Foundation received restricted donations during the last few years that were not taken into account at the time the budget was created and the Quasi-Endowment payout rate was set, so the full payout amount was ultimately not needed.

As a result, of the projected June 30 cash on hand, \$190,873 will be designated for Community Grants and Crestmoor Scholarship cash needs, and the balance (\$1,844,866) will be designated for non-RAC Strategic Grants and operating expenses.

- Quasi-Endowment Payout: The cash flow needs of the Crestmoor Scholarships and Community Grants Fund are expected to be \$475,000 for fiscal year 2022-2023. As mentioned above, \$190,873 of the cash on hand at the end of fiscal year 2021-2022 will go toward meeting these cash needs, leaving a balance of \$284,127 to be funded by new Quasi-Endowment payout. At the June 1 meeting, the Board will consider a proposal from the Investment Committee to set the fiscal year 2022-2023 payout rate for the Quasi-Endowment at 1.41%, which would cover the balance of the cash flow needs of the Crestmoor Scholarships and Community Grants Fund.

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The payout amount is determined by multiplying the average of latest available 12 prior quarter-ending Quasi-Endowment values (\$20,279,185, covering Q2 2019 through Q1 2022). The 1.41% payout rate thus results in a payout of \$285,937.

The main driver behind the other transfers from the Strategic Pool and the Liquidity-RAC subaccount is the remaining set of RAC grant payments. Although the Board has made an overall \$50 million commitment to the City for the RAC, the Foundation is funding the project through a series of eight grants supporting different components of the project. Thus far we have made grant payments totaling \$20,534,208.22.

RAC Grant #	For	Total Grant Amount	Total Grant Payments as of 5/15/2022	Balance to Pay
1	Conceptual Design	\$416,108.85	\$416,108.85	\$0.00
2	Architectural Services	\$5,420,388.00	\$4,978,524.07	\$441,863.93
3	Project & Construction Management Services	\$1,079,000.00	\$658,830.51	\$420,169.49
4	City Compliance Review	\$1,061,611.00	\$526,826.54	\$534,784.46
5	Temporary Facilities	\$375,000.00	\$84,538.20	\$290,461.80
6	Business Plan	\$60,000.00	\$60,000.00	\$0.00
7	Tom Lara Field Parking Lot	\$1,123,438.00	\$922,841.57	\$200,596.43
8	Construction	\$40,464,454.15	\$12,886,538.48	\$27,577,915.67
	TOTAL	\$50,000,000.00	\$20,534,208.22	\$29,465,791.78

Given the expected construction timeline (through the fall of 2023), all remaining RAC grant payments, which total \$29,465,791.78, will likely fall within the 0-24 month window for the Liquidity Pool and, based on the estimated cash flow timeline the City has provided, about \$25.5 million will be needed in FY2022-2023. As a result, the Investment Committee recommends that the FY2022-2023 budget include transfers covering the full amount of the remaining funds needed to meet all potential remaining RAC grant payment obligations.

To cover the \$29,465,791.78 in remaining RAC grant payments, I propose the following breakdown:

RAC Funding	
Liquidity-RAC Balance as of 4/30/2022 (close out this account)	\$8,774,970
Strategic Payout for FY 2022-2023	\$20,690,822
TOTAL	\$29,465,792

SAN BRUNO

Community Foundation

Memorandum

- Strategic Pool: The total transfer from the Strategic Pool is budgeted at \$25,083,576. Of this amount, as noted above, \$20,690,822 is for RAC grant payments. The remaining \$4,392,754, along with the projected cash remaining from 2021-2022 of \$1,844,866, will cover all operating expenses and non-RAC strategic and other grant payments (not including Community Grants and Crestmoor Scholarship payments).
- Liquidity-RAC: Given that the Liquidity-RAC subaccount consists of funds specifically earmarked for the RAC and a goal is to include transfers from investments to cover all remaining RAC grant payments this year, the intent is to completely use up the Liquidity-RAC funds, transferring them to Liquidity-Operating and thereby closing the Liquidity-RAC subaccount. The budgeted transfer amount of \$8,774,970 is equal to the April 30, 2022, Liquidity-RAC subaccount balance. However, the budget resolution would give the discretion to transfer the entire subaccount balance at the time of transfer, so that the subaccount is completely depleted.

The Investment Committee recommends that Board give the Executive Director the discretion to manage all transfers from investment accounts, including the discretion to divide each category of transfers into smaller increments, set the timing of the incremental transfers based on the Foundation's cash flow needs, and transfer less than the approved transfer amounts as circumstances may warrant. Thus, as the City continues to update its cash flow timeline and based on guidance from the Investment Committee and Sand Hill Global Advisors, the Executive Director has the ability to manage and adjust the transfers based on evolving information. Similarly, the Executive Director can wait to transfer funds from the Strategic Pool to cover any non-RAC strategic grants until such grants are approved and grant payments are due.

At its recent meeting, the Investment Committee discussed the timing of the transfer(s) from Strategic to Liquidity-Operating to cover the remaining RAC grant payments, especially given the current market volatility. After much discussion, the Committee noted that the balance in Liquidity-RAC should more than cover the first quarter of RAC grant payments in 2022-2023 and came to consensus to recommend that \$10 million be transferred from Strategic to Liquidity-RAC in the first month or so of the new fiscal year, so that 2-3 quarters worth of RAC grant payments are in the Liquidity Pool, with the remaining funds (approximately \$10.7 million) to be transferred from Strategic to Liquidity-Operating later in 2022. The Committee recommends that the Executive Director have the discretion to work with Sand Hill to select the exact timing of the transfers and noted that the Committee would meet again in August, at which time it would discuss and provide additional guidance on the timing of transferring the remaining funds for the RAC grant payments.

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Community Foundation

Memorandum

Together, Operating Income and Transfers from Investments result in a total of \$34,155,025 in Funds Available for Operations. With residual cash from FY2021-2022 carried forward into FY2022-2023, this total will cover anticipated FY2022-2023 cash needs.

The attached resolution, which I recommend the Board adopt, authorizes four actions. It: (a) approves the FY2022-2023 budget; (b) sets the Quasi-Endowment payout rate for FY2022-2023; (c) approves a transfer from the Strategic Pool to the Liquidity-Operating subaccount as part of the FY2022-2023 operating budget; and (d) approves a transfer from the Liquidity-RAC subaccount to the Liquidity-Operating subaccount and closure of the Liquidity-RAC subaccount as part of the 2022-2023 operating budget.

As I will be presenting the budget to the San Bruno City Council on May 31, 2022, the day before the SBCF Board will consider the budget, I will present any feedback I receive from the Council at the Board meeting.

Attachments:

1. Resolution Approving Fiscal Year 2022-2023 Budget, Setting the Quasi-Endowment Payout Rate for Fiscal Year 2022-2023, Approving Transfer from the Strategic Pool Investment Account to the Liquidity-Operating Subaccount for Fiscal Year 2022-2023, and Approving Transfer from the Liquidity-RAC Investment Subaccount to the Liquidity-Operating Subaccount for Fiscal Year 2022-2023
2. Exhibit A: 2022-2023 Proposed Budget

RESOLUTION NO. 2022-261

RESOLUTION OF THE SAN BRUNO COMMUNITY FOUNDATION APPROVING FISCAL YEAR 2022-2023 BUDGET, SETTING THE QUASI-ENDOWMENT PAYOUT RATE FOR FISCAL YEAR 2022-2023, APPROVING TRANSFER FROM THE STRATEGIC POOL INVESTMENT ACCOUNT TO THE LIQUIDITY-OPERATING SUBACCOUNT FOR FISCAL YEAR 2022- 2023, AND APPROVING TRANSFER FROM THE LIQUIDITY-RAC INVESTMENT SUBACCOUNT TO THE LIQUIDITY-OPERATING SUBACCOUNT FOR FISCAL YEAR 2022-2023

WHEREAS, the San Bruno Community Foundation's next fiscal year will begin on July 1, 2022, and prudent financial management of the Foundation's finances requires the creation of an annual budget prior to the start of the fiscal year;

WHEREAS, Article XVI(c) of the Foundation's Bylaws require that the Foundation's annual budget be approved by the San Bruno City Council;

WHEREAS, the proposed fiscal year 2022-2023 budget as attached in Exhibit A reflects decisions about program initiatives and investment strategy that the Foundation's Board of Directors has made or may make;

WHEREAS, the Board of Directors, upon receipt from the City of San Bruno in May 2016 of the restitution funds resulting from the City's settlement with Pacific Gas & Electric Company following the 2010 gas pipeline explosion in San Bruno's Crestmoor neighborhood, established three Fidelity brokerage accounts to hold the Foundation's funds: Quasi-Endowment Pool account, Strategic Pool account, and Liquidity Pool account;

WHEREAS, Section VII.1 of the Foundation's Investment Policy Statement states:

The SBCF Board will determine the spending policy for the Quasi-Endowment with input from the Investment Committee. The SBCF Board will use the following guidelines in approving a fixed payout amount each year. The SBCF Board will review this policy annually.

The payout amount will be determined once annually, prior to the conclusion of the Foundation's fiscal year for the subsequent fiscal year. The payout rate will range up to 7%, as determined by the Board, multiplied by the average of the latest available twelve (12) prior quarter-ending Quasi-Endowment values.

WHEREAS, Section VI.1.d.i of the Foundation's Investment Operating Plan with investment adviser Sand Hill Global Advisors (SHGA), which provides pool-specific operating guidelines for payout or other withdrawals, states:

Payout amount [for the Quasi-Endowment Pool] will be determined once annually, prior to the conclusion of the Foundation's fiscal year for the subsequent fiscal year. The payout rate will range up to 7%, as determined by the Board, multiplied by the average of the latest available twelve prior quarter-ending Quasi-Endowment values. From the initial funding of the Quasi-Endowment Pool through the end of fiscal year 2016-2017, the payout rate will be 0%. During fiscal year 2017-2018, the default payout rate will be 2.25%, multiplied by the simple average of all quarter-ending Quasi-Endowment values available at the time of the annual payout decision. Cash proceeds will be deposited in the SBCF Liquidity Pool on an as-needed basis.

WHEREAS, a Quasi-Endowment payout rate of 1.41% for fiscal year 2022-2023 would provide the funds to cover cash flow needs for the Crestmoor Neighborhood Memorial Scholarship and the Community Grants Fund, consistent with the original long-term vision for the Quasi-Endowment, and allow the Quasi-Endowment the opportunity to continue to grow;

WHEREAS, the Investment Committee, on May 18, 2022, passed a resolution recommending that the Board of Directors set the Quasi-Endowment payout rate for fiscal year 2022-2023 at 1.41%, resulting in a payout of \$285,937;

WHEREAS, the Section VII.2 of the Foundation's Investment Policy Statement states:

The Strategic Pool has been earmarked by the Board to fund strategic projects, including but not limited to capital improvement projects of community facilities, that benefit the San Bruno community. As such, withdrawals will be determined by the timing of project expenditures, as well as guidance from the SBCF Board. The Investment Committee and SBCF staff will provide direction to the Investment Manager regarding liquidation of investments to fund the withdrawals. Cash proceeds will be deposited in the SBCF Liquidity Pool on an as-needed basis.

WHEREAS, Section VI.1.d.ii of the Foundation's Investment Operating Plan states:

Withdrawals [from the Strategic Pool] will be determined by the timing of project expenditures, per guidance from the SBCF Board. SBCF will provide a schedule of likely withdrawals to SHGA at the time of the annual budget planning process. Cash proceeds will be deposited in the SBCF Liquidity Pool on an as-needed basis.

WHEREAS, transfers of up to \$25,083,576 from the Strategic Pool and the full balance from the Liquidity Pool-RAC subaccount (\$8,774,970 as of April 30, 2022) to the Liquidity Pool-Operating subaccount may be needed to cover the Foundation's operating expenses and strategic grant obligations for the 2022-2023 fiscal year; and

WHEREAS, the Investment Committee and Board recommend that the Executive Director have the discretion to manage the transfers from the Quasi-Endowment, Strategic Pool, and Liquidity-RAC subaccount to the Liquidity-Operating subaccount, including dividing

the transfers into smaller increments, setting the timing of the incremental transfers, and transferring less than the approved payout amount as circumstances may warrant, based on the Foundation's cash flow needs.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors approves the fiscal year 2022-2023 Foundation budget attached as Exhibit A.

FURTHER BE IT RESOLVED that the Board of Directors sets the Quasi-Endowment payout rate for fiscal year 2022-2023 at 1.41%, resulting in a transfer from the Quasi-Endowment account to the Liquidity-Operating subaccount of \$285,937, to be used to meet the cash needs of the Crestmoor Neighborhood Memorial Scholarship and the Community Grants Fund in the 2022-2023 fiscal year, and grants the Executive Director the discretion to divide the transfer into smaller increments, set the timing of the transfer of those increments, and transfer less than the approved amount, based on the Foundation's cash flow needs.

FURTHER BE IT RESOLVED that the Board of Directors approves a transfer from the Strategic Pool account to the Liquidity-Operating subaccount of \$25,083,576 to cover operating expenses and strategic grant obligations for the 2022-2023 fiscal year, and grants the Executive Director the discretion to divide the transfer into smaller increments, set the timing of the transfer of those increments, and transfer less than the approved amount, based on the Foundation's cash flow needs.

FURTHER BE IT RESOLVED that the Board of Directors approves a transfer from the Liquidity Pool-RAC subaccount to the Liquidity Pool-Operating subaccount of the full account balance at the time of transfer (\$8,774,970 as of April 30, 2022), and grants the Executive Director the discretion to divide the transfer into smaller increments, set the timing of the transfer of those increments, transfer less than the approved amount, and close the Liquidity-RAC subaccount, based on the Foundation's cash flow needs.

FURTHER BE IT RESOLVED that the Board of Directors directs the Executive Director to submit the fiscal year 2022-2023 budget to the San Bruno City Council for consideration and approval.

Dated: June 1, 2022

ATTEST:



Raul Gomez, Secretary

I, Raul Gomez, Secretary, do hereby certify that the foregoing Resolution No. 2022-261 was duly and regularly passed and adopted by the Board of Directors of the San Bruno Community Foundation on this 1st day of June, 2022, by the following vote:

AYES: Board members: Netane-Jones, Ruane, Gomez, Lin, Moreno, Perry, Torres

NOES: Board members: None

ABSENT: Board members: None

SAN BRUNO

Community Foundation

2022-2023 Proposed Budget

	<u>2021-22 Budget</u>	<u>April 2022 Actual</u>	<u>May-Jun 21 Projected</u>	<u>Projected 2021-22</u>	<u>Proposed 2022-23 Budget</u>	<u>Change vs. 2021-22 Actual</u>
INCOME						
1 Interest Income	\$ 39,173	\$ 17,572	\$ 3,514	\$ 21,086	\$ 10,543	\$ (10,543)
2 Donations	-	71,000	100,000	171,000	-	(171,000)
3 Miscellaneous Income	-	-	-	-	-	-
4 Subtotal Operating Income	39,173	88,572	103,514	192,086	10,543	(181,543)
5 Transfers from Quasi Endowment	312,932	200,000	112,932	312,932	285,937	(26,995)
6 Transfers from Strategic Pool	26,456,233	500,000	-	500,000	25,083,576	24,583,576
7 Transfers from Liquidity-RAC	10,631,501	1,700,000	-	1,700,000	8,774,970	
8 Subtotal Transfers from Investments	37,400,666	2,400,000	112,932	2,512,932	34,144,482	24,556,580
9 FUNDS AVAILABLE FOR OPERATIONS	37,439,839	2,488,572	216,446	2,705,018	34,155,025	24,375,037
EXPENSES						
10 Crestmoor Scholarships	160,000	-	190,000	190,000	160,000	(30,000)
11 Community Grants Fund	300,000	300,000	-	300,000	300,000	-
12 Strategic Grants	45,964,454	40,514,454	\$320,000.00	40,834,454	5,500,000	(35,334,454)
13 Other Grants	10,000	10,000	-	10,000	10,000	-
14 Subtotal Direct Program Expenses	46,434,454	40,824,454	510,000	41,334,454	5,970,000	(35,364,454)
15 Salaries & Wages	223,600	189,944	37,979	227,923	223,075	(4,848)
16 Payroll Taxes & Benefits	24,636	30,431	4,747	35,178	25,173	(10,005)
17 Subtotal Direct Personnel Expenses	248,236	220,375	42,726	263,101	248,248	(14,853)
18 Occupancy	15,758	13,015	2,690	15,705	16,349	644
19 Insurance	24,248	18,971	3,058	22,029	19,572	(2,457)
20 Telecommunications	2,851	2,193	400	2,593	2,552	(41)
21 Postage & Shipping	3,500	2,012	120	2,132	3,720	1,588
22 Marketing & Communications	17,200	11,352	750	12,102	17,378	5,276
23 Office Supplies and Equipment	6,100	3,175	700	3,875	5,180	1,305
24 Legal Fees	41,556	21,205	6,000	27,205	45,200	17,995
25 Accounting & Payroll Fees	35,332	29,615	5,000	34,615	35,792	1,177
26 Other Consultants	20,870	4,539	4,000	8,539	35,438	26,899
27 Travel, Meetings & Conferences	4,220	22	800	822	15,871	15,049
28 Miscellaneous	3,063	1,805	1,000	2,805	2,863	58
29 Subtotal Non-Personnel Support Costs	174,698	107,904	24,518	132,422	199,915	67,493
30 TOTAL EXPENSES	46,857,388	41,152,733	577,244	41,729,977	6,418,163	(35,311,813)
31 NET SURPLUS	\$ (9,417,549)	\$ (38,664,161)	\$ (360,797)	\$ (39,024,958)	\$ 27,736,862	\$ 59,686,850

RESOLUTION NO. 2022- ____

**RESOLUTION APPROVING THE SAN BRUNO COMMUNITY FOUNDATION
FISCAL YEAR 2022-23 BUDGET**

WHEREAS, on March 12, 2012, the City entered into a Settlement Agreement with PG&E whereby PG&E would pay the City \$70 million in cash and real property to resolve claims arising out of the September 9, 2011, gas pipeline explosion in the Glenview/Crestmoor neighborhood; and

WHEREAS, the Settlement Agreement calls for the creation of a not-for-profit to manage, invest, and expend the funds to benefit the City and its residents; and

WHEREAS, on March 12, 2013, the City Council adopted Resolution 2013-26 authorizing the filing of the Articles of Incorporation for the newly-created San Bruno Community Foundation (SBCF) to effectuate the purposes of the Settlement Agreement; and

WHEREAS, on August 27, 2013, the City Council adopted Resolution 2013-72 approving the Bylaws of the SBCF, which reserved to the City Council certain powers, including the power to approve the budget of the SBCF; and

WHEREAS, on April 26, 2016, the City Council approved amended and restated Bylaws, which retained the power of the City Council to approve the budget of the SBCF; and

WHEREAS, the SBCF Board of Directors, which was appointed by the City Council, has reviewed, discussed, and approved a budget for FY2022-23 at their regular meeting held on June 1, 2022, and the City Council reviewed the budget at a study session on May 31, 2022;

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby approves the San Bruno Community Foundation's FY2022-23 budget as adopted by the San Bruno Community Foundation.

Dated: June 28, 2022

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I, Vicky Hasha, Deputy City Clerk, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of San Bruno this 28th day of June 2022 by the following vote:

AYES: COUNCILMEMBERS: _____

NOES: COUNCILMEMBERS: _____

ABSENT: COUNCILMEMBERS: _____

ATTEST:

Vicky Hasha
Deputy City Clerk



City Council Agenda Item Staff Report

CITY OF SAN BRUNO

DATE: June 28, 2022

TO: Honorable Mayor and Members of the City Council

FROM: Jovan D. Grogan, City Manager

PREPARED BY: Qianyu Sun, Director

SUBJECT: Hold Public Hearing and Adopt Resolutions • Approving FY2022-23 Operating and FY2023-27 Capital Improvement Program Budget • Approving City Appropriations (Gann) Limit for FY2022-23

BACKGROUND: The proposed FY2022-23 Operating and Capital Improvement Budget has been presented for City Council review and consideration. The proposed budget continues prior years' proactive efforts containing expenditures and using conservative revenue projections consistent with the City Council's budget preparation guidance.

The City's budget development approach across all operations and funds adheres to the City Council's ongoing policy for delivering a financial plan that is balanced with expenditures contained at levels that can reasonably be supported by on-going revenues, and that supports a work program targeted to meet the specific needs and interests of the City Council and San Bruno community. The City Council conducted two budget hearings to review the proposed FY2022-23 Operating and the FY2023-27 Capital Improvement Program Budget on May 31 and June 14, 2022. At the budget hearings, staff highlighted financial challenges facing the City in the budget year, a financial plan during a 5-year period beyond the current fiscal year, department achievements, strategic initiatives, service level challenges, recommended service enhancements, an overview of the capital improvement program projects and planned equipment purchases.

The proposed budget for FY2022-23 can be accessed on the City's website at <https://www.sanbruno.ca.gov/ArchiveCenter/ViewFile/Item/155>

DISCUSSION: I. Operating and Capital Improvement Program Budget

The FY 2022-23 proposed budget is developed with a zero-growth philosophy and maintains the City's status quo as the current fiscal year with inflation adjustments to supplies and services. Staff has included provisions for pending labor negotiations in the proposed budget based on the Council's authorization. Rectified labor agreements are reflected in the budgetary forecasts.

Due to the restraint of revenue resources, limited service enhancements are requested for FY 2022-23. For illustration purpose, the service level enhancements are listed in a separate section in the Proposed Budget document. Record high inflation and tight labor market are the biggest road blocks the City faces at this time. Restoring services to the pre-pandemic level will

take a longer time than previously anticipated.

General Fund Operating Budget

The General Fund is the primary source of funding to support most of the services citizens commonly associate with local government. These include public safety, recreation, general administration and maintenance of parks and infrastructure. The General Fund is primarily comprised of tax-generated revenues including property tax, sales tax, hotel/motel tax and business license tax. The following table summarizes FY2022-23 financial information compared to the prior year in the City Manager's proposed budget:

General Fund Summary	FY2021-22 Adopted Budget	FY2021-22 Amended Budget	FY2021-22 Estimated Actual	FY2022-23 Proposed Budget
Beginning Fund Balance	\$5,485,682	\$5,485,682	\$5,485,682	\$7,663,890
Revenue	49,767,229	50,916,429	53,046,107	54,885,106
Expenditure	50,851,490	52,220,208	50,897,899	55,519,905
Surplus (Deficit)	(1,084,260)	(1,303,779)	2,148,208	(634,799)
Ending Fund Balance	\$4,401,422	\$4,181,904	\$7,663,890	\$6,999,092

Total projected General Fund revenue for FY2022-23 is \$54.9 million, increasing by \$4 million (or 7.8%) from the amended budget of FY 2021-22. A majority (67%) of the projected FY2022-23 General Fund revenue comes from taxes in six different categories, including property tax, sales tax, transient occupancy tax (TOT or hotel/motel tax), motor vehicle license fees, card room regulatory fees, and business taxes.

The proposed budget projects \$55.5 million in General Fund expenditures supporting operations and service delivery across all City departments. This total is an increase of \$3.3 million (or 6.3%) compared to the FY2021-22 Amended Budget. The increase is mostly contributed by the pension, insurance and inflation adjustments on on-going contracts.

Service Level Enhancements

The entire City team is dedicated in providing the best services to San Bruno residents and communities. However, it is undeniable that staff resources are overwhelmed, and the overall morale is at risk. With the proposed budget, staff includes service enhancements over the current operation model, for a total amount of \$2 million, including \$1 million impact to the General Fund.

The proposed budget includes an additional service enhancement proposal to adjust staffing positions within the City Manager's Office. The proposal recommends elimination of a vacant Economic Development Manager position and replacement with a Human Resources Director position and one-time funding for contract economic development support in the amount of \$48,000. In total, the enhancement request does not have a net impact on the proposed FY 2022-23 budget, as two vacant positions will be budgeted for 10-months, instead of the full year. However, the net ongoing additional cost in future years is projected to be \$60,500. Attachment 5 discusses this enhancement request in detail.

General Fund Reserves

The City Council adopted a reserve policy in 2013 that set a target of retaining \$1.5 Million as contingency in the General Fund, 25% of annual, operating expense budget in the General Fund Reserve, \$5 Million in the General Fund Capital Reserve and \$3 Million in the Emergency Disaster Reserve Fund to only be accessed in a declaration of an emergency. The table below lists the City's reserves funds and targets, and the estimated ending balance by the end of FY2021-22 and FY2022-23.

Reserve Type	Reserve Policy Target	FY2021-22 Estimated Ending Balance	FY2022-23 Budget Ending Balance
General Fund	\$1,500,000	\$7,633,890	\$6,999,092
General Fund Reserve	25% of annual, budget expenditures	12,338,243	12,338,243
General Fund Capital Reserve	Goal of \$5,000,000	8,008,194	27,902,597
Emergency Disaster Fund	Target of \$3,000,000	2,831,450	2,841,450
Total		\$30,811,777	\$50,081,381

Although General Fund Reserve and Emergency Disaster Reserve are projected to be behind their respective targets, there are excess balances in other reserve accounts. Staff typically make fund transfers as a part of year-end closure procedure to reset reserve balances.

Two of the City's enterprise funds, CityNet and Stormwater, will be in deficit status in FY2022-23., which posts significant strain on the City's reserves. Enterprise funds are to self-support. However, when they fall short, General Fund is the only resource to fill the shortfalls. The table below shows the balances in the City's reserve funds after reduced by the negative balances of CityNet and Stormwater. Although sufficient resource is available in General Fund in FY2022-23, it is not a sustaining model to support enterprise funds with General Fund resources. Staff are exploring opportunities to reduce expenditures and enhance revenues in both enterprise funds in order to erase deficits.

City Reserves		FY2022-23 Budget Ending Balance
General Fund Reserves		\$50,081,381
Enterprise Fund Deficit		
	City Net Services	(15,471,571)
	Stormwater Funds	(1,171,255)
Unrestricted General Fund Reserves - Subtotal		\$33,438,555
Equipment Reserve		2,613,034
Net Reserves		\$36,051,589

Enterprise Funds

The City's four Enterprise operations provide business-type services that are budgeted to be rate and fee supported. To recognize administrative and other services provided through the General Fund operating departments including the City Manager, City Attorney, Finance and Human Resources, each Enterprise Fund budget shows an administrative allocation to the General Fund covering these costs.

The following table provides a comparison of the FY2021-22 operating revenues and expenditures for the City's Enterprise Funds to the amounts proposed for FY2022-23.

Fund	FY2021-22 Amended Budget	FY2021-22 Estimated Actual	FY2022-23 Proposed Budget
Water			
Revenue	\$17,077,121	\$15,957,000	\$15,976,000
Expenditure	\$10,490,155	\$9,643,991	\$11,194,165
Wastewater			
Revenue	\$17,459,376	\$17,937,000	\$16,677,000
Expenditure	\$9,858,895	\$8,887,812	\$10,649,139
Stormwater			
Revenue	\$659,500	\$642,300	\$650,000
Expenditure	\$1,496,138	\$1,309,434	\$1,563,953
CityNet Services			
Revenue	\$9,810,775	\$8,462,511	\$8,937,164
Expenditure	\$9,852,227	\$8,806,358	\$8,712,432

The Water Enterprise supplies potable water to residents and business customers from the City's own groundwater pumping operations and from water purchased through the San Francisco Public Utilities Commission (SFPUC). For FY2022-23, Water Enterprise costs are anticipated to increase compared to the prior year budget with total operating expenditures of \$11.2 Million. Once operating expenditures are covered, the operating surplus of \$4.8 Million is invested in the Water Fund Capital Improvement Program to fund the City's system infrastructure replacement and rehabilitation program. That program includes a comprehensive plan and schedule for replacement and rehabilitation of the City's 50-100-year-old Water system pumps, storage tanks, pipelines and other facilities in order to support their ongoing service reliability. The City Council withheld the water rate increase in FY 2022-23.

The Wastewater Enterprise operates and maintains the wastewater collection system throughout the City and provides for the City's 33% shared cost of operating the South San Francisco/San Bruno Wastewater Treatment Plant located in South San Francisco. The City

Council withheld the water rate increase in FY 2022-23. Total system revenues for FY2022-23 are projected to be \$16.7 Million and operating costs are budgeted at \$10.6 Million.

The Stormwater Division of the Department of Public Works is responsible for maintaining the stormwater conveyance system, as well as adhering to the requirements outlined in the National Pollutant Discharge Elimination System (NPDES) permit. Stormwater fees are collected through the County property tax, and a minimum of \$46.16 per assessor parcel number (APN) is assessed for most properties in San Bruno. The annual assessment has proven to be inadequate to fund ongoing operations and necessary equipment and capital investments to meet federal requirements. The fund balance has been declining in recent years and is forecasted to be negative in FY2022-23.

CityNet Services provides a broad range of broadband video, data and voice services to residential and business customers over a cable network consisting of over one hundred miles of fiber optic and coaxial cable throughout the entire San Bruno community. In addition, CityNet Services operates San Bruno Cable Channel 1 which covers all local City meetings, events, local programming, and public service announcements.

Over the past several years, as the CityNet Services Enterprise has experienced increasing competition and has completed new projects to add services and new technologies, subscriber revenues, the only source of Enterprise revenues, have not kept pace and have fallen far short of the capital investment required to stay current and to retain customers. As a result, the CityNet Services Fund has gradually developed a financial deficit that is estimated to reach approximately \$15.5 Million by the end of FY2022-23.

To reduce the deficit, the City Council approved approaches for reducing costs over a multi-year period by gradually eliminating the amounts annually paid to the General Fund since the initial operations of the system over 40 years ago. Starting FY2019-20 CityNet Services operating budget eliminates the equity earnings transfer to the General Fund.

With great strides made to control expenses and focus on higher margin business, CityNet is forecasted to yield an operating surplus in FY 2022-23; however, the surplus is insufficient to cover planned capital expenditures and annual repayment of the debt for the router replacement project. In the long-range financial forecast, CityNet's negative fund balance is expected to gradually improve but persist for extended period of time.

Internal Service Funds

Internal Service Fund operations provide direct services to support all City departments and City Enterprise Fund operations. The City maintains four internal service funds including the Central Garage operated through the Public Works Department, the Buildings and Facilities Division of the Community Services Department, Technology, and Self-Insurance. These Internal Service operations are funded through an expenditure allocation that is charged to each user department and enterprise. In total, internal service allocations amount to \$7,558,662 across all operations for FY2022-23. The largest single category of internal service costs is for Self-Insurance at \$3,408,873. The Internal Service Funds are required to maintain fund balances of at least 15% of annual budget.

The table below lists the ending fund balance projected in FY2021-22 and FY2022-23 for the four internal service funds. Central Garage, Building and Facilities and Technology funds meet

the reserve target identified in the City's reserve policy.

Fund	Reserve Policy Target	FY2021-22 Ending Balance	FY2022-23 Ending Balance	Met Reserve Target?
Central Garage	15% of annual, budget expenditures	\$206,628	\$117,403	Yes
Building & Facilities	15% of annual, budget expenditures	659,708	290,875	Yes
Technology	15% of annual, budget expenditures	11,534	211,761	Yes
Self-Insurance	N/A	1,097,876	1,097,876	
Total		\$1,975,747	\$1,717,916	

Capital Improvement Program

The Capital Improvement Program (CIP) is designed to identify, plan and develop projects using a long-term vision for the community's facilities and infrastructure needs. While the comprehensive CIP is not limited to projects for which funding has been identified, the CIP generally includes a more limited presentation on proposed projects for which funding is not available. Many of the unfunded projects address community needs for rehabilitation and/or replacement of critical facilities such as the Library and Fire Stations. These projects remain shown in the CIP so that they are included in the City's long-term strategic planning and remain on the "radar screen" as priorities for future funding initiatives.

Overall, the FY2022-23 Capital Improvement Program identifies 93 funded and underfunded projects/programs organized in 10 categories. \$283.2 Million in capital investment is programmed through the 5-year CIP to assure rehabilitation, replacement, and improvement of City facilities and infrastructure. \$180.7 Million of this amount is the expected cost of scheduled improvements to the City's water and wastewater systems.

The following chart summarizes the carryforward appropriations, FY2022-23 funding request, total project funding in FY2022-23 and the total proposed 5 fiscal year capital budget (FY2023-27) appropriations by capital program area.

Fund	Carryover Appropriation	FY2022-23 Funding Request	FY2022-23 Project Funding	Total 5-Year Program
Water	\$14,933,889	\$10,354,091	\$25,287,980	\$103,737,98
Wastewater	20,168,279	5,300,000	25,468,279	76,918,279
Stormwater	2,462,052		2,462,052	2,462,052
CityNet Services	117,000		117,000	117,000
Parks	477,069	4,604,975	5,082,044	6,532,044
Fire	1,577,431	150,000	1,727,431	3,577,431
Police	295,681	427,000	722,681	722,681
Facilities	24,576,047	25,968,777	50,544,824	51,579,997
Streets	11,651,769	9,811,397	21,463,166	34,643,166
Technology	739,295	1,150,000	1,889,295	2,939,295
Total	\$76,998,512	\$57,766,240	\$134,764,752	\$283,229,925

Many projects appearing in the CIP are scheduled for completion over a multi-year period. In each year, some projects are completed, closed out and removed from the program. A total of 7 projects in the adopted Capital Improvement Program were completed during FY2021-22. These projects have all contributed to extending the useful life of critical infrastructure and facilities and several of them provide visible improvement to safety and aesthetics in the community. The following projects have been completed and removed from the CIP:

- San Antonio Ave Water Main
- San Antonio Ave Sewer Main
- Tom Lara Grandstand
- Police Facility Improvements – HVAC and Roof
- Library Facility Improvements – Library Generator
- Senior Center Deck Replacement
- Pavement Management Program – Huntington/San Antonio Street Rehabilitation

New projects for FY2022-23 in the Adopted Capital Improvement Program include:

- Water Quality Well System Upgrade & Sweeney Ridge Tank Chlorine Generator
- Earl/Glenview Avenue Wastewater Main
- Downtown Parking Program
- City Hall Facility Maintenance Program
- FY2022-23 Sidewalk Repair Project

While the comprehensive CIP is not limited to projects for which funding has been identified, the CIP generally includes a more limited presentation on proposed projects for which funding is not available. The FY2022-23 CIP Budget includes \$529.5 Million in capital projects that do not have a designated funding source. These projects are shown in the Unfunded Priorities section of the CIP. Many of the unfunded projects address community needs for rehabilitation and/or replacement of critical facilities such as the Library, City Hall, Fire Station 51 and 52 and the City's maintenance yard facilities that were originally constructed in the 1950's. While the

buildings remain reasonably serviceable, they are increasingly outdated and will eventually need to be replaced. These projects remain shown in the CIP so that they are included in the City's long-term strategic planning and remain priorities for future funding initiatives.

As required by California Government Code Section 65401 and consistent with prior fiscal year budgets, the City's Planning Commission is required to make a determination that the list of proposed capital improvement projects recommended for planning, initiation or constructing during the ensuing fiscal year is in conformance with the City's General Plan, prior to the adoption by the City Council. The Planning Commission held a public meeting on May 17, 2022 where a Resolution 2022-07 was adopted making this determination.

Measure G District Sales Tax

San Bruno voters approved Measure G, a half cent district sales tax measure, in November 2019. The Measure G district sales tax is a general tax to support general governmental purposes and the revenues cannot be restricted to certain prescribed purposes. During the election, residents identified many top City service priorities including:

- Increasing pothole and other street hazard repair
- Increasing street repair and maintenance programs
- Maintaining street repair and rehabilitation programs
- Maintaining neighborhood police patrols
- Attracting and maintaining local business
- Maintaining City parks and playgrounds
- Maintaining and repairing park structures for children and youth

The forecasted sales tax revenue for Measure G is \$3.8 million for FY 2022-23. The table below summarizes the appropriations in FY2022-23 using Measure G district sales tax funds:

Measure G Proposed Allocation	FY2022-23 Proposed Budget
Pavement Management Program – Slurry Seal	\$ 500,000
Street Rehabilitation Project	5,400,000
Emergency Response Vehicle and Upfitting	60,000
Citywide Wildfire Mitigation	150,000
Total	\$6,110,000
Projected Ending Fund Balance FY2022-23	\$876,075

The Citizen's Revenue Measure Oversight Committee held a meeting on May 11, 2022. Staff presented an overview of the proposed budget to the committee as well as the proposed Measure G allocations described above in the FY2022-23. ***The Committee approved proposed FY 2022-23 Measure G allocations.***

American Rescue Plan Act

The American Rescue Plan Act of 2021 (ARPA) appropriates \$19.53 billion to States for distribution to tens of thousands of "non-entitlement units of local government" (NEUs), providing significant funding to help states and localities address the economic and health

consequences of the pandemic. San Bruno expects to receive just over \$10 million in ARPA appropriation through the State of California by July 2022. With this funding, the City plans to support local businesses, update citywide technology framework, reinstate previous frozen positions, and provide much needed service enhancements to residents. The City has obligated all APRA funds through FY 2024-25.

Vehicles & Equipment

The FY2022-23 budget includes the planned purchase of necessary equipment and vehicles to continue to provide services to the community. The combined replacements and new acquisition amounts to \$1,121,100 for the entire City, including enterprise funds.

The equipment budget annual allocation of \$340,600 into the fund from departments was postponed this year for a third time as a budget balancing strategy. Staff estimate a \$2.6 million ending balance at the end of FY2022-23.

II. Gann Limit

Voters approved Proposition 4 and 111, known as the Gann Initiatives, which place a limit on the amount of tax-generated revenue (proceeds of taxes) that a local agency can receive and appropriate each year. The limit is based on actual appropriations during 1978-79 and is adjusted each year by cost-of-living and population growth adjustments. Only revenues defined as proceeds of taxes, which for San Bruno are property tax, sales tax, transient occupancy tax, and business tax, are restricted by the limit.

As shown in Attachment 5, the FY2022-23 appropriation limit is adjusted by the cost-of-living factor (7.55%) and the population factor (-0.92%) provided by the Department of Finance; establishing the FY2022-23 appropriation limit at \$51,583,158. Reducing the revenues generated from tax proceeds by exempted expenditures, such as debt service, capital outlay, and federal mandates, total revenue subjected to the Appropriation Limit is \$42,695,519. The City's appropriations subject to limit are \$8,887,639, or 17%, below the FY2022-23 appropriations limit.

FISCAL IMPACT: The City Council reviewed proposed reserves, fund balances, revenues, expenditures, and department budget information for the Operating and Capital Budget at public budget hearings on May 31 and June 14 2022. General Fund revenues are budgeted to be \$54,885,106, and expenditures are budgeted to be \$55,519,905 in FY2022-23 resulting in an operating deficit of \$634,799.

The City's four Enterprise operations provide business-type services that are budgeted to be entirely rate and fee supported. The adoption of the FY2022-23 budget will appropriate revenues and expenditures for the Enterprises to carry out operational and capital improvement initiatives in the coming year.

The City's four Internal Service departments provide direct services to support all City departments and City Enterprise Fund operations. The adoption of the FY2022-23 budget will appropriate revenues and expenditures for these departments to carry out operational support initiatives in the coming year.

The 5 fiscal year Capital Improvement Program work program identifies \$283,229,925 of prior year budget carryforward and new requests for FY2023-27 in necessary capital investment to assure rehabilitation, replacement, and improvement of City facilities and infrastructure.

The budget anticipates \$3,763,212 in Measure G district sales tax revenue. The Citizen's Revenue Measure Oversight Committee approved allocations on CIP street projects, an emergency response vehicle and citywide wildfire mitigation for a total of \$6,110,000.

The proposed budget includes equipment and vehicle purchases for a total of \$1,121,100.

ENVIRONMENTAL IMPACT: There is no environmental impact.

RECOMMENDATION: Hold public hearing and adopt resolutions approving FY2022-23 Operating and FY2023-27 Capital Improvement Program Budget, and the City Appropriations (Gann) Limit for FY2022-23.

ALTERNATIVES: 1. Amend the appropriation amounts contained in the proposed budget at the time of the approval.

2. Do not approve proposed budget appropriations effective July 1, 2022. In this case, the City Council can adopt an alternate resolution assuring continued municipal operations until the City Council adopts the budget at a later meeting. An alternate resolution for this purpose is attached to this report.

ATTACHMENTS:

1. City Manager's Proposed Budget Transmittal Letter, May 31, 2022
2. Resolution Approving FY2022-23 Operating and the FY2023-27 Capital Improvement Program Budget
3. Resolution Authorizing Preliminary Expenditure Appropriation to Support City Operations Pending Approval of the Proposed FY2022-23 Operating and Capital Budget
4. FY 2022-23 Service Level Enhancements
5. Memo: Human Resources Director Enhancement Request Detail, June 28, 2022
6. Resolution Approving the City's Appropriation Limit (Gann Limit) of \$51,583,158 for FY2022-23
7. Gann Limit Report
8. Resolution of the San Bruno Planning Commission Finding that the Proposed Capital Improvement Program Budget for FY2022-23 is in Conformance with the City of San Bruno General Plan



Jovan D. Grogan
City Manager

CITY OF SAN BRUNO
OFFICE OF THE CITY MANAGER

May 31, 2022

Honorable Mayor and Members of the City Council:

It is my privilege to transmit the Proposed Fiscal Year (FY) 2022-23 Operating and Capital Improvements Program (CIP) Budgets for your review, consideration and action to approve.

This transmittal letter provides a comprehensive overview of the Proposed Budget and presents a fiscal summary of the projected results (referred to as “estimated actuals”) for the current fiscal year (FY2021-22) as well as a multi-year forecast for the primary accounts (referred to as “funds”) for the City’s operating budget. Funds and forecasts for the Capital Improvement Program can be found in the Proposed Budget Book. The Proposed Budget was presented for City Council budget deliberations on the following dates and times:

Date	Meeting Start Time	Subject	Purpose
May 31	5:00 pm	Proposed Budget Hearing, 1 st Session	Review and Discussion
June 14	7:00 pm	Proposed Budget Hearing, 2 nd Session	Review and Discussion
June 28	7:00 pm	Budget Adoption	Deliberation and Action

The remainder of this letter is organized into the following sections:

- Executive Summary (pg. 1)
- FY2022-23 Budget Overview (pg. 2)
- FY2022-23 General Fund Operating Budget (pg. 5)
- Long-Range Financial Forecast (pg. 14)
 - General Fund
 - Enterprise Funds
- Internal Service & Equipment Reserve Funds (pg. 23)
- Capital Improvement Program (pg. 23)
- Service Level Enhancements (pg. 25)
- Conclusion & Acknowledgements (pg. 26)

EXECUTIVE SUMMARY

Even as the pandemic continued, the City of San Bruno saw gradual economic recovery in FY 2021-22. With the federal assistance (\$10.2 million) from the American Rescue Plan Act (ARPA), the City was able to aid the San Bruno small business communities and restore some city service. Nine previously frozen positions were restored and nine new positions were added to the City team. ARPA fund is expected to exhaust by December 31, 2024.

With no significant revenue increases sustaining on the horizon, the FY 2022-23 proposed budget is developed with a zero-growth philosophy and maintains the City's status quo as the current fiscal year with inflation adjustments to supplies and services. Staff has included provisions for pending labor negotiations in the proposed budget based on the Council's authorization. Rectified labor agreements are reflected in the budgetary forecasts.

Due to the restraint of revenue resources, limited service enhancements are requested for FY 2022-23. For illustration purpose, the service level enhancements are listed in a separate section in the Proposed Budget document. Record high inflation and tight labor market are the biggest road blocks the City faces at this time. Restoring services to the pre-pandemic level will take a longer time than previously anticipated.

The City has many immediate needs and the backlogs are long. COVID-19 worsened the City's financial status. The road to full economic recovery in San Bruno will be long and windy. The City may experience additional revenue shortfalls in the next few years. Our larger plans to enhance the City organization as well as the services and programs that we provide to the community will take much longer time to implement than we had originally thought.

City staff continue to track and support efforts for financial support from the Federal and State governments to local government. That said, should a version of the bill become law and include direct support to the City of San Bruno, that action will necessitate a change to the City's budget and may reduce the number and/or extent of the budget reduction strategies. Notwithstanding this potential support, the City retains the responsibility to adopt a balanced budget.

As we proceed through the development of the FY2022-23 budget and embark on the year ahead, staff will continue to make progress on current financial initiatives as well as adjust the scope of the project to meet the new challenge that is before us.

FY2022-23 BUDGET OVERVIEW

The proposed budget reflects the City Council's ongoing conservative fiscal policies and the priorities identified through the City Council's goal setting and budget/revenue policy discussions. The Proposed Operating Budget for all General Fund Departments and for the City's Enterprise Funds outlines important initiatives included in the coming year's work program and a financial plan to accomplish key City objectives. The budget provides a comprehensive overview of the City's organization, operations, anticipated revenues and projected expenditures to support operations and projects. It is intended to serve as a strategic tool to communicate, implement and monitor the City Council's direction and priorities for delivery of programs and services.

The Capital Improvements Program Budget outlines an aggressive work program of 93 projects and funding strategies that are intended to assure necessary repair and improvement to the City's facilities and infrastructure that support the delivery of all City programs and services. This year, a specific focus was applied to budgeting for projects that will be started and/or completed in the coming fiscal year. This allows for a more accurate projection of expenditures and is also an illustration of the fact that staff plans to allocate time to make progress on current/open projects that were funded in prior years. This year, staff also reviewed the various funding

sources available to fund the capital improvements and leveraged state, county and grant funding sources to their fullest extent to ensure the City retains adequate available funds in the City's General Fund Capital Reserve Fund in case those resources may be needed for other purposes.

As in previous years, the budget proposes some changes and enhancements to improve operational efficiency and to effectively address operational challenges and certain areas of community priority. A complete list of proposed program and service enhancements and other changes for FY2022-23 is presented in a separate section.

Each departmental section of the Operating Budget outlines specific work program objectives and goals that support the City's overarching priorities established by the City Council to move the community forward in several important directions. These priorities were most recently discussed by the City Council during the City Council's May10, 2022 Strategic Planning and Goal Setting Session and include:

- Implementation of the Transit Corridor Vision to Revitalize Downtown and Commercial Corridor;
- Assure Rehabilitation & Replacement of Critical Community Facilities and Infrastructure;
- Grow City Revenues to Assure On-Going Fiscal Stability and Economic Vitality;
- Continue to Strengthen Community Connections and Engagement;
- Protect and Improve Community Aesthetics and Safety;
- Continue Proactive Planning for the Future of San Bruno; and
- Organizational Health and Employee Success.

With these initiatives continuing in place, the coming year's work program expressed through the Operating and Capital Improvements Program Budgets, builds upon the progress achieved in prior years and is focused on an organizational commitment for delivery of services consistent with community needs and expectations and a shared vision for the community's future and vitality.

Over the past year, the City made major steps forward in all areas of the City's operation that directly address the City Council's established long-term objectives. These accomplishments set the foundation for continuing City progress. Some of these accomplishments have game changing potential for the community. Just a few of the many accomplishments the City has achieved in the past year are listed below.

- **Constructing a New Recreation and Aquatic Center:** For a few years, key department staff have been collaborating as an internal advisory committee to work with the architecture firm (Group 4) and Construction Management Firm (Griffin Structures) in progressing the new Recreation and Aquatics Center (RAC) Project through design and development of construction drawings and California Environmental Quality Act (CEQA) review. The new facilities will replace Veterans Memorial Recreation Center and the adjacent community swimming pool that have served generations of San Bruno residents for over six decades. The San Bruno Community Foundation has pledged \$50 million in restitution funding to turn the community's vision into reality over the next three

years. The City has selected a contractor to construct the building and the project is expected to complete in 2023.

- **Implementation of the Transit Corridors Plan:** The coming year will see modern transit-oriented residential and commercial project begin construction directly across the street from Caltrain at 111 San Bruno Ave. to anchor the northern gateway to downtown. The City is also working with the developer to bring the Mills Plaza project between El Camino Real and Linden Ave back to the City Council for consideration. This project will begin transformation of the community's commercial corridor and downtown consistent with the City's adopted Transit Corridor Plan.
- **Water and Sewer Infrastructure Maintenance:** As part of the City's ongoing aggressive water and sewer infrastructure replacement and improvement program, the City completed full replacement of the underground water and sewer mainlines throughout the City. These projects were delivered on time and within budget and were completed with minimal disruption to business activity in the downtown and other areas throughout the City and will assure reliable service to an area previously impacted by service failures due to aged, damaged, and deteriorating underground pipelines.
- **Bayhill Specific Plan:** The Bayhill Office Park houses Walmart.com and YouTube, two of the City's largest employers. The Bayhill Specific Plan includes office space expansion, creation of a private multi-modal transportation hub and a housing overlay in areas permitted.
- **Fiber-to-the-Home in Large Multi-unit Developments:** Installation of a new state-of-the-art Fiber-to-the-Home (FTTH) network at the Shelter Creek, Peninsula Place and Crystal Springs Terrance apartment multi-family complexes has shown positive results with a 68% subscriber penetration. FTTH offers a strong, reliable network and data speeds of up to 1 gigabyte available to over 2,400 residences in San Bruno. During the coming year the City Council will need to determine whether to continue this initiative or to pursue an alternative strategy for the future of San Bruno CityNet Services.
- **YouTube Development:** The development plan for YouTube was submitted in April 2019 and it is being reviewed and processed. The plan will build 440,000 square feet of new office space on an existing surface parking lots adjacent to existing buildings at 900 and 1000 Cherry Avenue.
- **Sale of the Crossing Property:** Last year, the City was approached by Cardinale Auto Group with a proposal to develop and construct a new Hyundai/Genesis dealership on the Crossing Property. Following a series of negotiations, the City and Cardinale have agreed on a Purchase and Sale Agreement in April 2021, which will return over \$5 million to the City, netting a profit of approximately \$3.6 million. Once the dealership is built and fully operational, it is estimated to generate \$1 million annually in sales tax, plus property tax on new assessed value.
- **Reimaging Tanforan:** Online shopping altered consumer behavior and contributed to the decline of brick-and-mortar shopping centers. The Shops at Tanforan, like many other shopping centers, have seen reducing consumer traffic over the years. COVID 19 pandemic further worsened the outlook of Tanforan. In early 2022, Alexandria Real

Estate bought the 44-acre Tanforan shopping center cite. A master plan of a modern, mixed-use development plan is under making to include officers, hotels, retail, entertainment and a minimum of 1,000 housing units.

FY2022-23 GENERAL FUND OPERATING BUDGET

The General Fund is the primary source of funding to support most of the services citizens commonly associate with local government. These include public safety, recreation, general administration and maintenance of parks and infrastructure. The General Fund is primarily comprised of tax-generated revenues including property taxes, transient occupancy (hotel/motel) tax, business license tax, and sales tax. These revenues collectively comprise over 50% of total General Fund revenues.

The FY 2022-23 Proposed General Fund Budget projects approximately \$54.9 Million in operating revenues and \$55.5 million in operating expenditures, resulting a deficit of \$0.6 million. To balance the General Fund budget, staff recommend the following strategies to address the deficit.:

Utilize Available Fund Balance in the General Fund (\$634,799): The proposed budget includes the use of available fund balance in the General Fund in order to balance the budget. The proposal will leave the projected ending FY2022-23 fund balance at \$7 million. Although the fund balance is greater than required (\$1.5 million), staff expects to reserve a portion of the fund balance for pending result of CDTFA's review on sales tax distribution as of June 30, 2022. The reserve is estimated to be around \$3.5 million at this time. Staff will update the estimated reserve after all year end accrual entries are recorded.

The following table summarizes proposed General Fund revenues and expenditures compared to the prior year, after adopting the above-mentioned budget balancing strategies.

General Fund Summary	FY2021-22 Adopted Budget	FY2021-22 Amended Budget	FY2021-22 Estimated Actual	FY2022-23 Proposed Budget
Beginning Fund Balance	\$5,485,682	\$5,485,682	\$5,485,682	\$7,663,890
Revenue	49,767,229	50,916,429	53,046,107	54,885,106
Expenditure	50,851,490	52,220,208	50,897,899	55,519,905
Surplus (Deficit)	(1,084,260)	(1,303,779)	2,148,208	(634,799)
Ending Fund Balance	\$4,401,422	\$4,181,904	\$7,663,890	\$6,999,092

The table below compares the General Fund Reserve balances against their policy targets:

Reserve Type	Reserve Policy Target	FY2021-22 Estimated Ending Balance	FY2022-23 Budget Ending Balance
General Fund	\$1,500,000	\$7,633,890	\$6,999,092
General Fund Reserve	25% of annual, budget expenditures	12,338,243	12,338,243
General Fund Capital Reserve	Goal of \$5,000,000	8,008,194	27,902,597
Emergency Disaster Fund	Target of \$3,000,000	2,831,450	2,841,450
Total		\$30,811,777	\$50,081,381

Although General Fund Reserve and Emergency Disaster Reserve are projected to be behind their respective targets, there are excess balances in other reserve accounts. Staff typically make fund transfers as a part of year-end closure procedure to reset reserve balances.

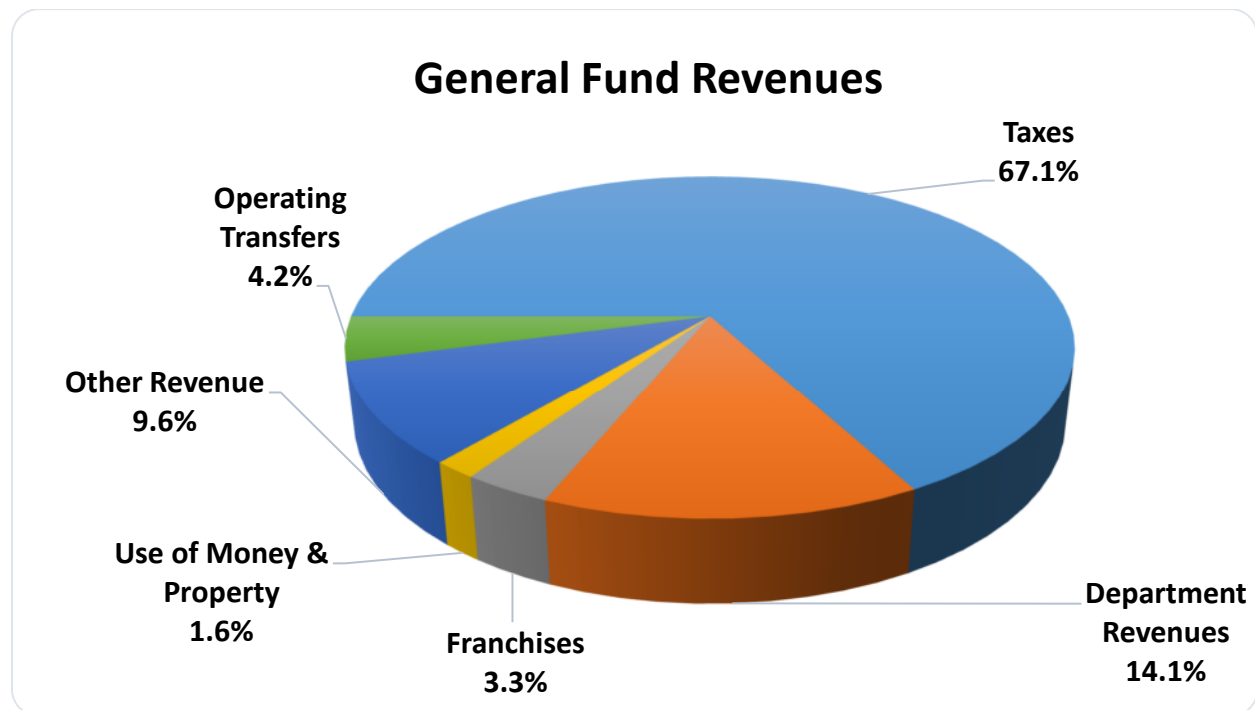
Two of the City's enterprise funds, CityNet and Stormwater, will be in deficit status in FY2022-23., which posts significant strain on the City's reserves. Enterprise funds are to self-support. However, when they fall short, General Fund is the only resource to fill the shortfalls. The table below shows the balances in the City's reserve funds after reduced by the negative balances of CityNet and Stormwater. Although sufficient resource is available in General Fund in FY2022-23, it is not a sustaining model to support enterprise funds with General Fund resources. Staff are exploring opportunities to reduce expenditures and enhance revenues in both enterprise funds in order to erase deficits.

Adjusted General Fund Reserves	FY2022-23 Budget Ending Balance
Total General Fund Reserves	\$50,081,381
Stormwater - Enterprise Fund Deficit	(1,171,255)
City Net Services - Enterprise Fund Deficit	(15,471,571)
General Fund Reserves – Adjusted	\$33,438,555

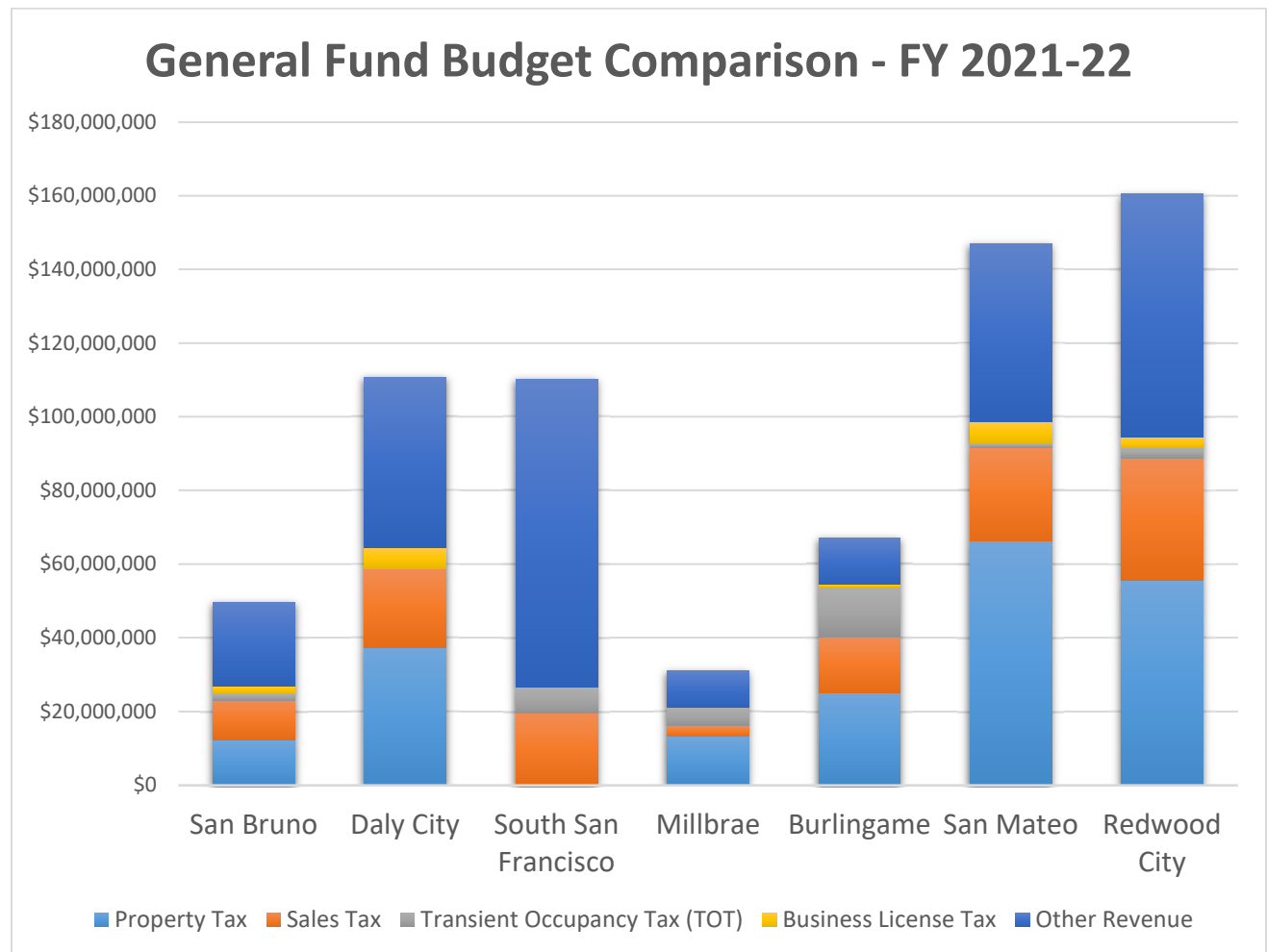
General Fund Revenues

In estimating revenues, staff analyzes actual amounts received in each category historically and makes projections in accordance with the anticipated economic trends. Staff adheres to a conservative budgeting practice when estimating all revenues. This practice offers some protection for the City from risk that an unexpected revenue shortfall will threaten the City's ability to cover budgeted expenditures. In some years, this practice contributed to the City experiencing a surplus, of revenues over expenditures that the City Council has directed staff to utilize to address budget balancing strategies.

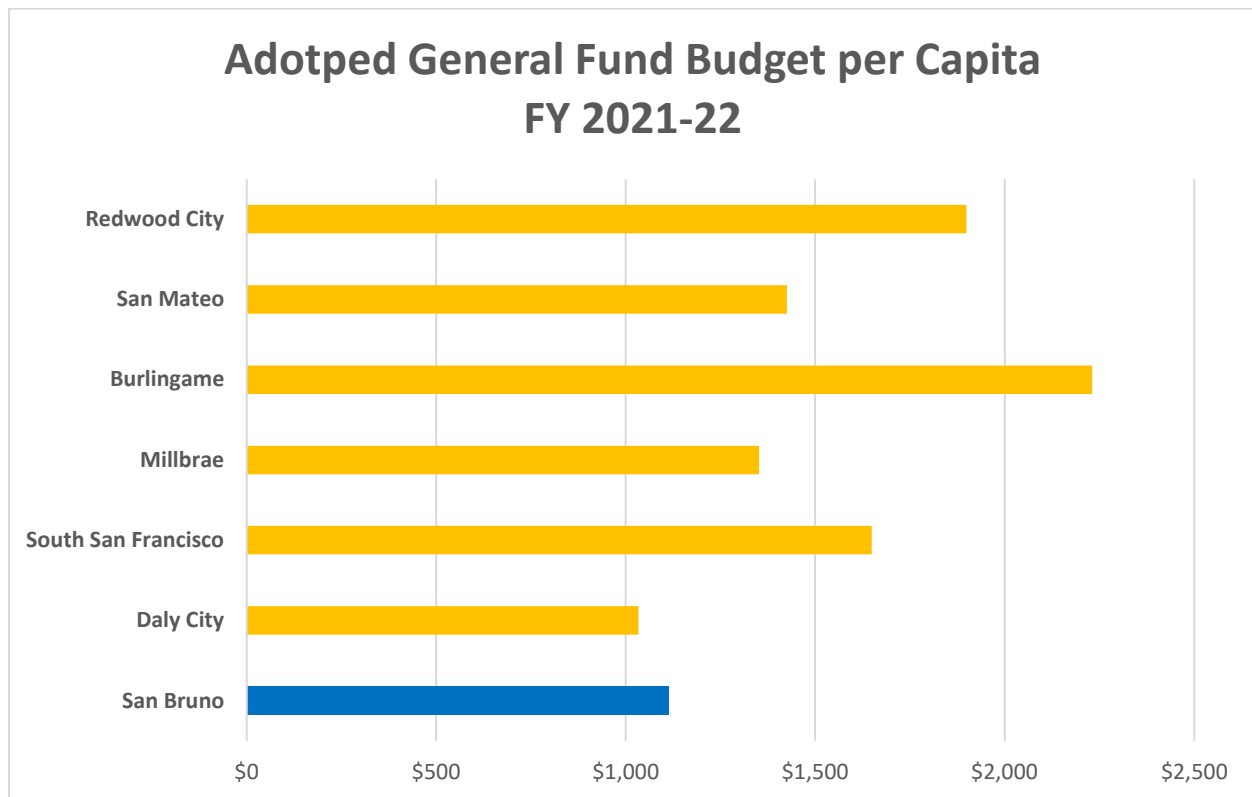
Total General Fund revenues is projected at \$54.9 Million for FY2022-23, reflecting an increase of \$4 million from the FY2021-22 amended budget. Majority of the increases are from hotel/motel tax and vehicle license fees. A detailed summary of each of the primary revenue categories follows below.



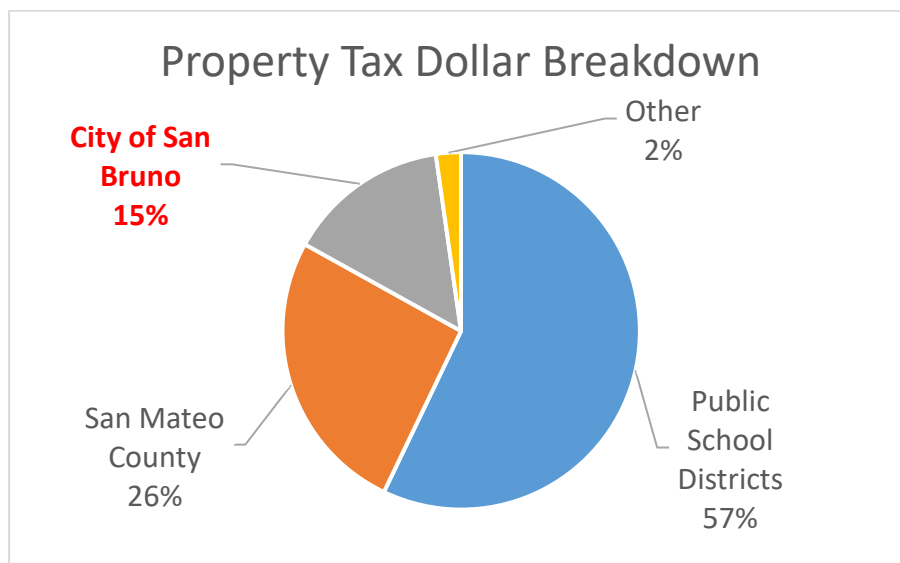
The City of San Bruno has historically had a lower per capita tax base than the majority of its neighboring cities. In comparing the City's FY2021-22 adopted budget to that of other cities in San Mateo County, San Bruno's General Fund revenues were at the low end.



When comparing General Fund revenues for the City's FY2021-22 adopted budget with population for a "per capita" comparison, San Bruno ranks at the low end as well. San Bruno's revenue sources are more limited and not as diverse as many other cities in San Mateo County which adds challenges to maintaining current services with rising costs and enhancing services.



Property Tax – Compared to other cities throughout California, San Bruno receives a relatively low amount of the total property tax collected in the City. San Bruno only receives about 12 1/2 cents from every property tax dollar paid in San Bruno. An additional 2 cents of property tax revenue have come to the City in recent years from the Educational Revenue Augmentation Fund, or ERAF, but this is not a consistent or reliable revenue source to fund on-going operations in the long term. The remainder of property taxes paid by property owners in the City goes to San Mateo County, school districts, and special districts. The housing industry and home sales boomed when more and more people work from home because of Coronavirus and stay-at-home directives. Secured property tax revenue is expected to increase by more than 4% over the prior fiscal year budget primarily due to higher property reassessment.

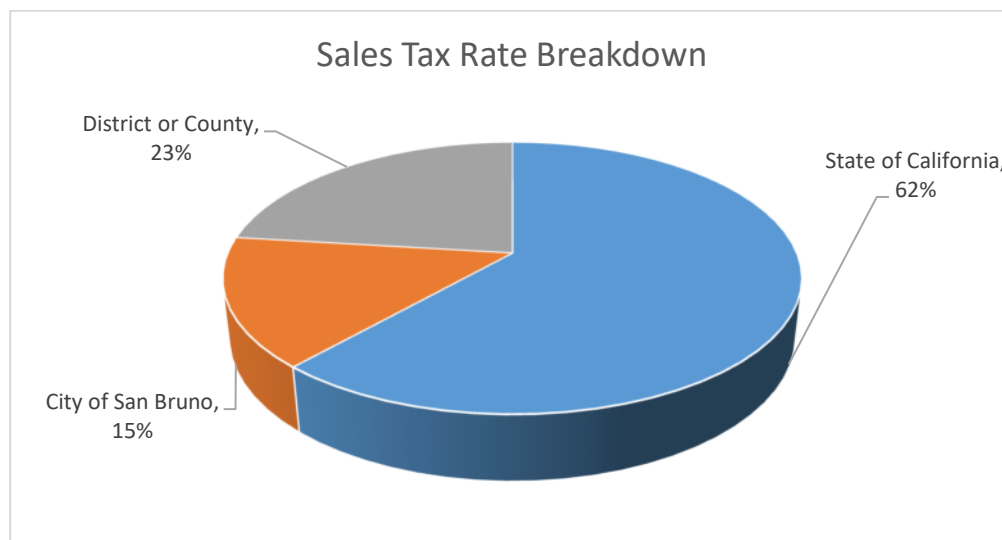


Property Tax revenue the City receives following dissolution of the San Bruno Redevelopment Agency in 2012 is also included in property tax revenue. Distribution from residual Redevelopment Property Tax Trust Fund (RPTTF) decreased by more than \$500,000 in FY2021-22, compared with the prior fiscal year. Staff slashed RPTTF revenue forecast for FY2022-23.

Overall revenue forecast for property tax in FY2022-23 is 1% lower than FY2021-22, due to the decreased forecast of RPTTF.

Sales Tax - Sales Tax of 9.75% is assessed on every taxable sale in San Bruno. Of the 9.75%, the City receives 1.5% or about 15% of the total tax. For FY2022-23 total Sales Tax revenue is anticipated to increase by 1% from the prior year's receipts. The sale of Tanforan Mall will cause reduced sales in the area, although the loss may be offset by other businesses and higher prices due to inflation.

California Department of Tax and Fee Administration (CDTFA) is reviewing its distribution of Bradley Burns Sales and Use Tax to the City. Staff will adjust the forecast of sales tax revenue after CDTFA informs the City of its final decision.



Transient Occupancy Tax - TOT in the amount of 14% is collected on the cost of each room rental at each of the 12 lodging establishments in the City. Occupancy in hotels declined by more than 75% shortly after the coronavirus outbreak. The hospitality industry is on the mend, although has not reached the pre-pandemic level. Staff is projecting continued recovery and an increase of a 60% in TOT revenue in FY2022-23 to \$2.8 million.

Vehicle License Fees (VLF) – The City receives property tax in lieu of vehicle license fees as a part of the revenue swap implemented by the State in 2004. The funding source for VLF is Education Revenue Augmentation Fund(ERAF) and property tax distributions to non-basic aid schools. Over the last few years, the funding for VLF experienced shortfalls annually. The City's VLF revenue had a shortfall of \$2.4 million in FY2020-21, which will be backfilled by the State in FY2022-23. This backfill significantly increased VLF revenue forecast in FY2022-23.

During the May 2022 budget revision in the State, a trailer bill was proposed to cap ERAF and use local tax revenues to pay the State's VLF obligations. If passed, this bill will cause increasing financial damage to local jurisdictions including the City of San Bruno.

Regulatory Card Room Tax – Gambling clubs in San Bruno are required to pay a quarterly tax per table, as required by ordinance. Artichoke Joe's requested to increase gaming tables from 38 to 43, effective June 1, 2021. Table rates are adjusted annually by CPI in the San Francisco area. Card room tax anticipates to increase by 5% in FY 2022-23.

Business License Tax – Business license tax is an annual tax based on prior year gross receipts. The pandemic devastated many sectors of San Bruno's business community and some businesses reported lower gross receipts for FY2021-22. For the next year, businesses will face strong headwinds with escalating inflation, disrupted supply chains and tight labor markets. Therefore, staff reduced business license tax revenue by 7%.

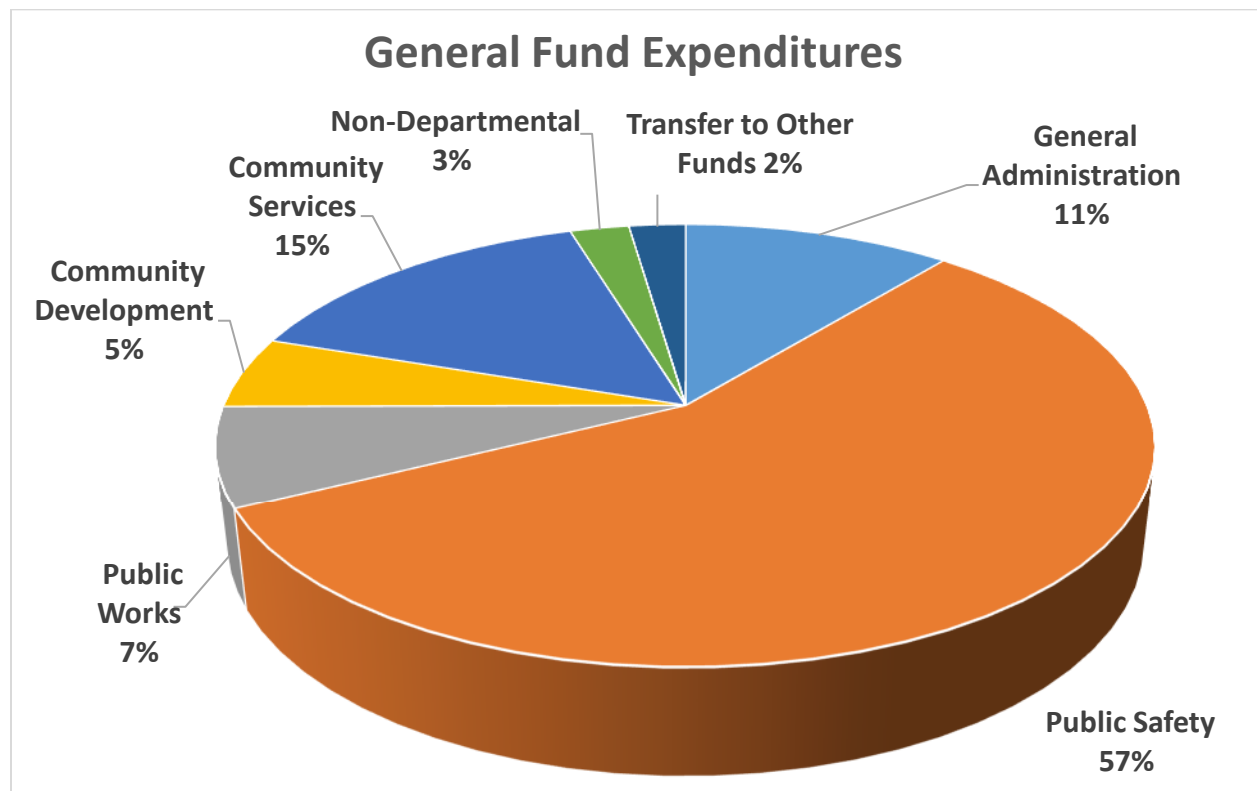
Use of Money & Property – Use of money and property will increase by 8%. With increase in interest rates, investment earnings are expected to increase. Property rentals are also expected to increase slightly.

Departmental Revenue – Total Departmental Revenues are projected to decrease by 6% compared to the FY2021-22 budget. The Building Division of the Community and Economic Development Department (CED) revised its revenue forecast per project pipeline. Some revenues previously anticipated for FY2021-22 will postpone to FY 2022-23.

The City Council approved user fee increases effective July 1, 2022 and the increases are included in the FY 2022-23 departmental revenues forecast. Departments including Police, Public Works and Community Services all anticipate significant revenue increases.

General Fund Expenditures

In developing the budgets, staff across all departments have carefully adhered to the City Council's budget policy to control and contain costs at the lowest levels possible to allow for continued service delivery. Using a zero-growth based budgeting practice, departments were directed to evaluate on-going expenditure line items for necessity and lower cost alternatives. One-time allowances are excluded from the baseline budget. The following graph illustrates General Fund expenditures by functions.



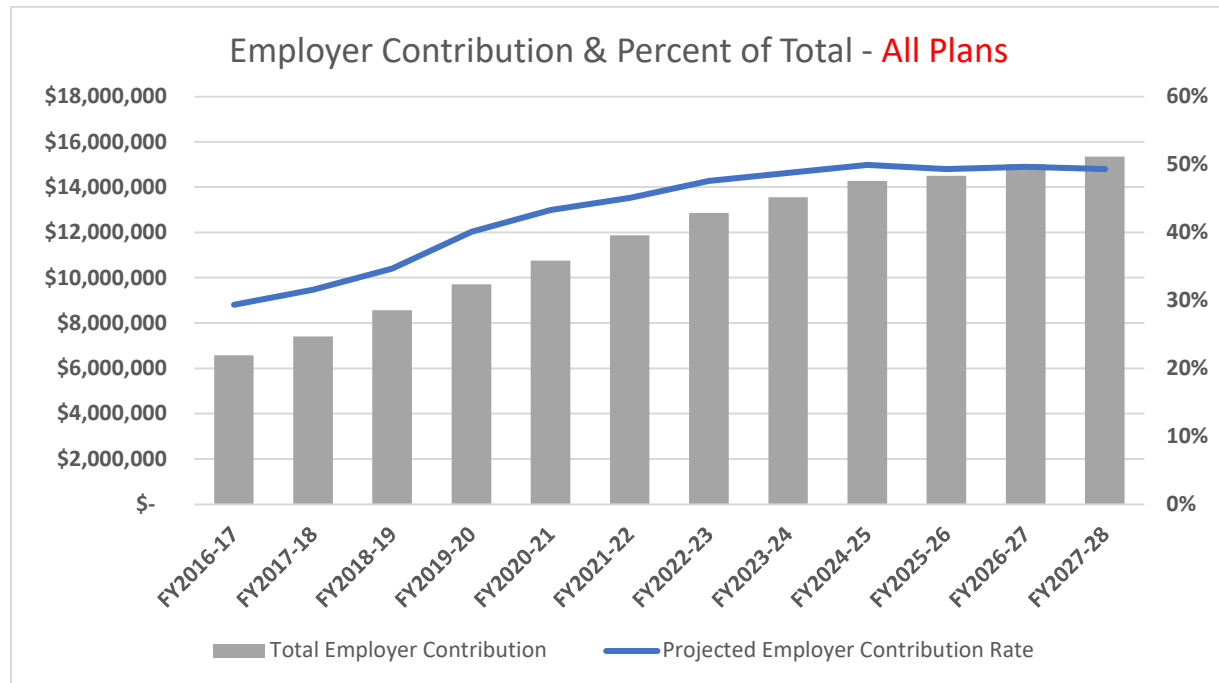
Significant highlights, changes, and comparison of FY2021-22 budgeted expenditures to the FY2022-23 proposed expenditures are described below:

Regular and Part-Time Salaries - Salaries for all full time and part time staff is the single largest category of expenditures in the operating budget at approximately 43% of total General Fund expenditures. The total budget for regular, part-time and overtime salaries across all

General Fund departments is \$24 Million. Pending labor negotiations are not factored into the salary forecasts. Provisions for labor negotiations are made at the fund level.

PERS Retirement - Employee retirement benefits total \$10.7 Million, or 19.2% of the General Fund expenditures. This amount represents an increase of approximately \$1.2 million compared to the FY2021-22 budget. The City continues to experience significant impacts from increasing costs for retirement benefits through the CalPERS system. Beginning in FY2018-19, CalPERS reduced the Discount Rate which is its expected earnings on all investments. The only revenues available to the CalPERS system to fund employee pension costs comes from three sources: investment earnings, employee contributions and employer contributions. As a result, the reduction of available revenue in the investment earnings category must be made up from increases to employer contributions.

As you can see in the graph below, the City's contribution to the CalPERS increases each year through FY2027-28.



As a strategy to control increasing pension cost, State legislation implemented pension reform and changes to retirement benefits through CalPERS, which took effect in 2014 and reduced the defined benefits available to employees who are new to the system. New employees hired in 2014 or later will receive reduced pension benefits; however, the City will not see a tangible effect on the City's retirement benefits costs for several more years until the City's workforce transitions substantially from Classic or tenured CalPERS members to new members. Based on projections from CalPERS, cities and other public agencies throughout the state can expect to continue experiencing retirement cost increases.

Employee Insurance Premiums - Employee insurance benefits (medical, life and long-term disability) are provided through the Teamster's Health and Welfare Trust and amount to \$5.1

Million in FY2022-23. The Trust notifies the City of the projected premium increase at the end of each calendar year.

LONG RANGE FINANCIAL FORECAST

Multi-year budgeting and long-range financial forecasting is a key government best practice. Developing a methodology with conservative revenue and realistic expenditure assumptions to review, as it relates to budget decisions and trade-offs, allows for more fiscally responsible decisions. It also provides additional data and direction for revenue enhancement planning and expenditure controls.

A summary of the long-range financial forecast for the City's major funds, including major assumptions, can be found below.

General Fund

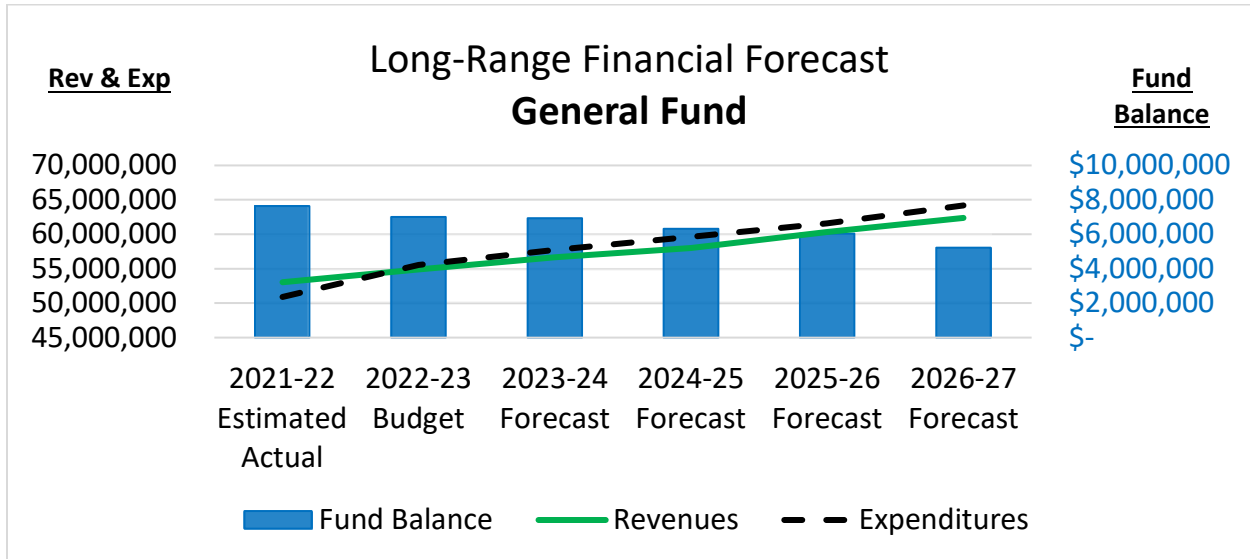
	FY2021-22 Estimated Actual	FY2022-23 Proposed Budget	FY2023-24 Forecast	FY2024-25 Forecast	FY2025-26 Forecast	FY2026-27 Forecast
Revenues	\$53,046,107	\$54,885,106	\$56,928,704	\$57,981,795	\$60,302,607	\$62,376,254
Expenditures	\$50,897,899	\$55,515,905	\$57,699,912	\$59,605,306	\$61,573,966	\$64,195,403
Fund Balance	\$7,633,890	\$6,999,092	\$6,927,884	\$6,304,373	\$6,033,014	\$5,213,865

The General Fund revenue is expected increase moderately in the next few years. Property tax annual increases have been strong in recent years, and the financial forecast assumes low growth in the beginning of the forecast. Considering persistent uncertainties in the economy, staff projects that many tax revenues will grow at low single digits. The City is projecting conservatively for its critical tax revenue sources and monitor the activity closely throughout the operating year to make adjustments when necessary.

A number of large development projects are in various stages of review with the City's Community and Economic Development Department. The City will recognize both one-time and ongoing revenues from development including Planning and Building permits, as well as water and sewer capacity charges, development impact fees, ongoing water and wastewater utility billing and an annual stormwater assessment, and eventually increased property, sales and business license taxes. Development projects often experience delays and timing issues, so forecasting revenue to occur in a specific fiscal year is challenging. The long-range financial forecast considers revenue assumptions for most revenue sources based on existing timelines but discounted heavily to account for potential delays in development.

The General Fund will continue to experience significant pressure from pension and health insurance costs as well as annual inflationary increases for materials, supplies, equipment and various contracts. The forecast does not assume any additional position increases from what is being adopted in FY2021-22. The forecast assumes future expenditure reductions will be required in order to prevent fast erosions of the General Fund balance. This model will be a tool that staff will use to work with the City Council to evaluate continued revenue enhancement

strategies and on-going expenditure reductions to ensure a balance budget is achieved each year.



Need for New Revenues

This budget proposes to utilize available fund balance to balance revenues and expenditures and to assure continuation of all necessary program and service delivery in the coming year. Continuing cost increases to support necessary services creates a situation where there is insufficient revenue available to support existing service levels in the next three years. In addition, substantial revenues will be required to fund service level improvements desired by residents including traffic and code enforcement, street maintenance and rehabilitation, infrastructure replacement including streetlight poles and Stormwater infrastructure as well as improvement/replacement of critical community facilities such as the library, fire stations and park facilities.

The City Council continued focused discussion on strategies to address this situation will continue further focused evaluation over the coming year. During FY 2021-22, the City continued on its effort to on revenue enhancements.

- **Short Term Rental** – Staff has issued letters to short-term rental operators/platforms in an effort to collect taxes related to short-term rentals. Multiple discussions were held between staff and online platforms and the City has achieved meaningful progress.
- **Cannabis Business Tax** – In 2020, the City Council adopted an ordinance on commercial cannabis business tax, up to 10%. Staff continues to refine zoning codes and anticipates an ordinance adoption in the fall of 2022.
- **Bayhill Specific Plan Area Development Impact Fee** – Bayhill Specific Plan Policy requires the City to establish an area development impact fee program to address the applicable costs to fund the expansion of infrastructure and public facilities necessary to

serve the area. The fee will be updated periodically to account for changes in infrastructure needs and costs. The fees must be based on a “rational nexus” to demonstrate relationship between the fee amount and the impact caused by the development. The nexus study is near completion and will be submitted to the City Council for approval and adoption during the fall of 2022.

- **Various Ballot Measures** – The City Council is considering various ballot measure for November election. Polling is under way to collect feedbacks from San Bruno residents.

These successful efforts will result in additional revenue to the City over time; however, the additional revenue will not be adequate to fund all priority projects and strategic initiatives approved by the City Council and articulated in the Operating and Capital Budgets.

Enterprise Funds

The City’s four Enterprise operations provide business-type services that are rate and fee supported. To cover the cost of administrative and other services provided through the General Fund operating departments including the City Manager, Finance and Human Resources, each Enterprise Fund Budget shows an administrative allocation to the General Fund.

The same zero-growth budgeting approach to build expenditure proposals contained in the General Fund applies to Enterprise Fund Budgets. This approach, which requires careful review of each expenditure item, relieves some pressure for further customer rate increases that might otherwise be required to cover cost increases associated with staff time and acquisition of necessary supplies, contract services, and other operating expenses.

The City Council adopted a multi-year Water and Wastewater rate program in May 2017, provides for an annual 5% rate increase through FY2021-22. The program was based on a comprehensive review of operating and capital needs in the Water and Wastewater Enterprises. A new rate study is necessary to evaluate current operational costs and the planned capital improvement projects to replace and rehabilitate the City’s aging water and wastewater system infrastructure. While a new study is under way, there is no increase for the water and wastewater rate in FY2022-23.

The following table shows a comparison of the FY2021-22 revenues and operating expenditures (less capital outlay, equipment and debt service payments) for the City’s Enterprise Funds to the proposed amounts for FY2022-23.

Fund	FY2021-22 Amended Budget	FY2021-22 Estimated Actual	FY2022-23 Proposed Budget
Water			
Revenue	\$17,077,121	\$15,957,000	\$15,976,000
Expenditure	\$10,490,155	\$9,643,991	\$11,194,165
Wastewater			
Revenue	\$17,459,376	\$17,937,000	\$16,677,000
Expenditure	\$9,858,895	\$8,887,812	\$10,649,139
Stormwater			
Revenue	\$659,500	\$642,300	\$650,000
Expenditure	\$1,496,138	\$1,309,434	\$1,563,953
CityNet Services			
Revenue	\$9,810,775	\$8,462,511	\$8,937,164
Expenditure	\$9,852,227	\$8,806,358	\$8,712,432

Water Enterprise

The Water Enterprise supplies potable water to residents and business customers from the City's own groundwater pumping operations and from water purchased through the San Francisco Public Utilities Commission (SFPUC). The City's water system includes five production wells and eight storage tanks in six locations throughout the City. The City's average annual water production capacity is 1,900,000 gallons per day.

Under the terms of the Groundwater Storage and Recovery Agreement among the San Francisco Public Utilities Commission (SFPUC), San Bruno, Daly City and California Water Company the City curtails pumping from its wells to allow replenishment of groundwater levels during periods of time that surface water available through the SFPUC is sufficient to supply the City's entire water delivery requirement. The City does not pay an additional cost for this in lieu water but continues to incur well operating and maintenance costs to regularly exercise the wells and to assure that the wells remain fully operational and can be put into regular service when needed.

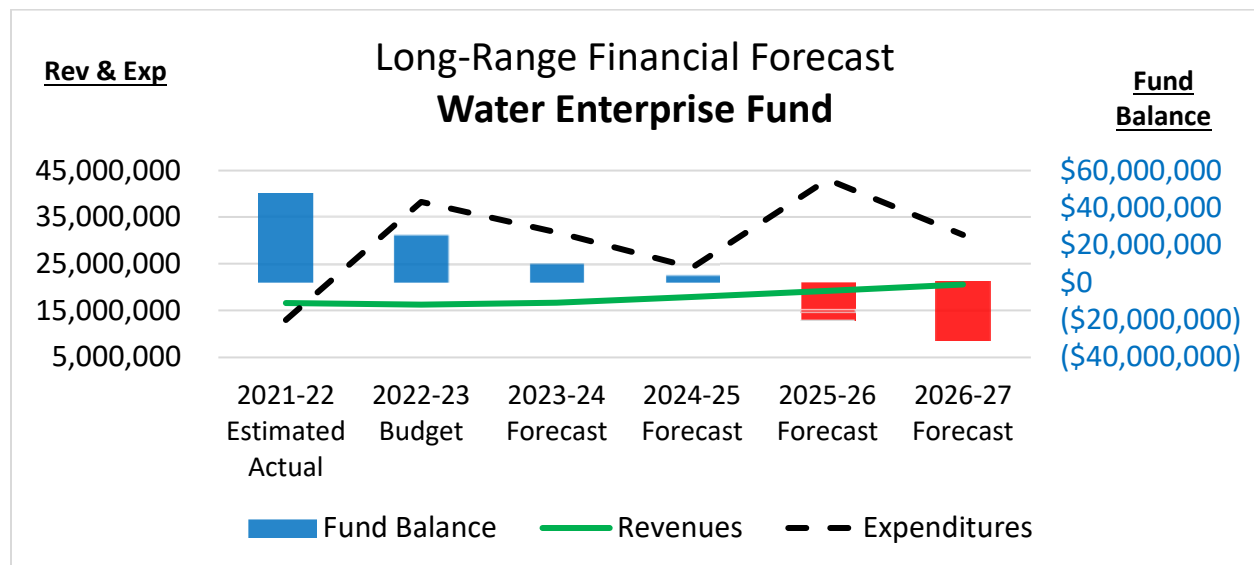
For FY2022-23, Water Enterprise costs are anticipated to increase compared to the prior year budget with total operating expenditures of \$11.3 Million. Once operating expenditures are covered, the remaining revenue amount of \$4.8 Million is invested in the Water Fund Capital Improvement Program to fund the City's system infrastructure replacement and rehabilitation program. That program includes a comprehensive plan and schedule for replacement and rehabilitation of the City's 50-100-year-old Water system pumps, storage tanks, pipelines and other facilities in order to support their ongoing service reliability.

In 2017 the City's Public Financing Authority issued Water Revenue Bonds to finance acquisition of water system improvements to assure sufficient funds are available to complete

critical capital projects on schedule. The bonds are payable solely from the revenues of the water system.

Priority water system capital projects planned for significant work and delivery during the coming year include the Main Improvement and Replacement Program that will replace Water main lines throughout a large area of the residential neighborhoods in “the Avenues” east of El Camino Real and the Water Tank Improvement and Replacement Program that will begin construction of the new Cunningham Water Tank. The several infrastructure capital projects planned for significant work during the next 5-years are discussed in detail in the FY2022-27 Capital Improvement Program.

The long-range financial forecast for the Water fund is strong in the near term but faces challenges starting in FY 2025-26. Rates are held flat in FY2021-22 and FY2022-23. Continued draught in California reduces water consumptions. Rate increases in future years are needed to yield additional, annual revenues to support ongoing operations and priority capital improvements. The capital projects are large and complex and require multi-million-dollar investments in a short period of time. Capital improvement projects will be evaluated annually and some may be delayed during the forecast period to sustain the fund’s self-supporting status.



Wastewater Enterprise

The Wastewater Enterprise operates and maintains the wastewater collection system throughout the City and provides for the City’s 33% shared cost of operating the South San Francisco/San Bruno Wastewater Treatment Plant located in South San Francisco.

The City’s operating and capital work programs in the Wastewater Enterprise have continued to be guided in large measure by the requirements of the Regional Water Quality Control Board compliance order and the settlement requirements of the lawsuit brought by San Francisco Baykeepers in 2010. These actions resulted from the City’s violations of the stringent

requirements of the Federal Clean Water Act prohibiting any release of untreated wastewater making its way to the Bay or another waterway. Those violations occurred in 2008 and prior. The corrective actions are directed at achieving significant and sustainable reduction in Sanitary Sewer Overflows (SSO's).

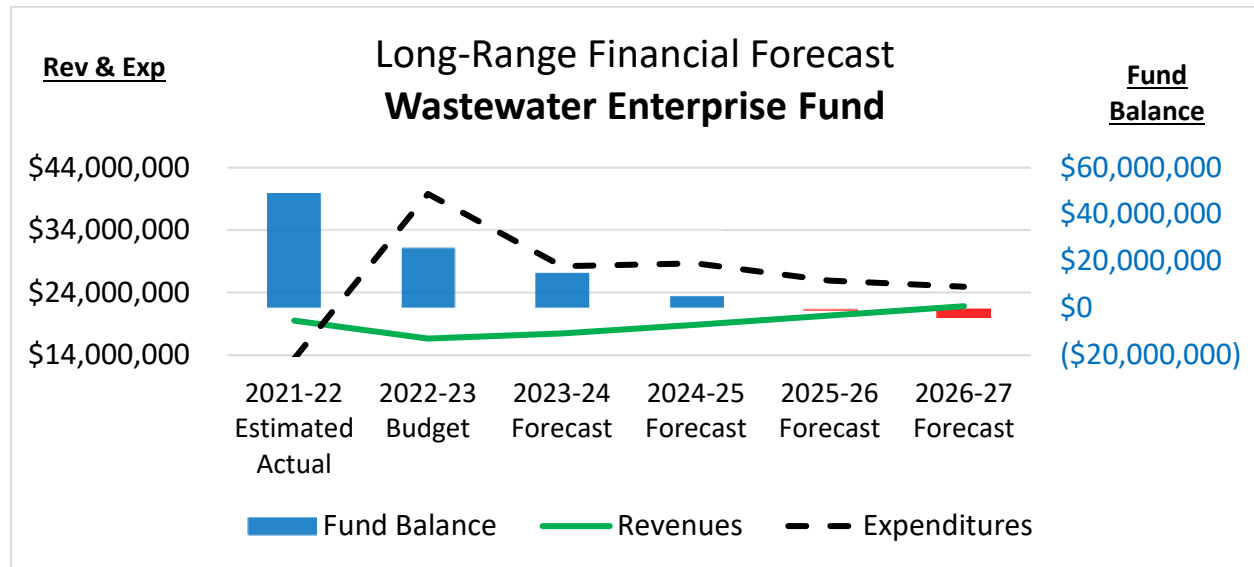
The City has re-tooled its regular wastewater system maintenance and operational procedures to improve system performance, reduce system overflows and the meet the specific requirements and targets of the City's compliance agreements. These revised operational practices include regular video inspection of mainlines to identify locations of potential failure, a spot repair program that provides timely repair to short line segments that are not scheduled for a more comprehensive pipeline replacement and a robust line cleaning program addressing known areas of root intrusion and other potential blockages.

The effort of City staff in implementing improved maintenance and operation practices along with the City's substantial investment in equipment including a dedicated video inspection vehicle and high pressure vector vehicles have been successful. So much so that the City has exceeded the specific requirements of the compliance orders in each of the last three years, reducing the number of SSO's from a high of fifty-four in calendar year 2008 to only two in 2017. In an email dated April 2021, San Francisco Baykeepers informed the City of September termination of the compliance orders.

The City's established five-year wastewater rate program took effect July 1, 2017 and provides for annual 5% rate increases through June 30, 2022. The City Council has decided not to increase wastewater rate in both FY2021-22 and FY2022-23 to lessen the burden on residents after COVID. Total system revenues for FY2022-23 are projected to be \$16.6 Million and operating costs are budgeted at \$10.6 Million.

The rate program as well as the 2017 issuance of Wastewater Revenue Bonds in conjunction with the Water Enterprise debt issuance assures adequate funding will be available for all Wastewater operations and to fund continuation of the City's aggressive capital improvement program to replace and rehabilitate the collection system facilities and main lines throughout the City. The Wastewater Enterprise also funds the City's share of costs associated with a comprehensive program to upgrade the shared South San Francisco Wastewater Treatment Plant facilities. During the coming year, Wastewater system capital project priorities will focus on Main Improvement and Replacement projects along 1st Avenue, Crystal Springs Road, Crestwood Drive and in the Avenues east of El Camino Real as well as Pump Station Improvement and Replacement projects at the Spyglass, Crestwood, Crestmoor and Lomita Pump Stations. The FY2022-27 Capital Improvement Program discusses planned infrastructure capital projects in detail.

The long-range financial forecast for the Wastewater fund is strong in the near term and demonstrates shortfalls starting FY2025-26. Like the water enterprise fund, the annual rate increases in future years are necessary to yield additional, annual revenues to support ongoing operations and priority capital improvements. Wastewater capital projects are large and complex and required multi-million-dollar investments in a short period of time. Capital improvement projects will be evaluated annually and some may be delayed during the forecast period to sustain the fund's self-supporting status.

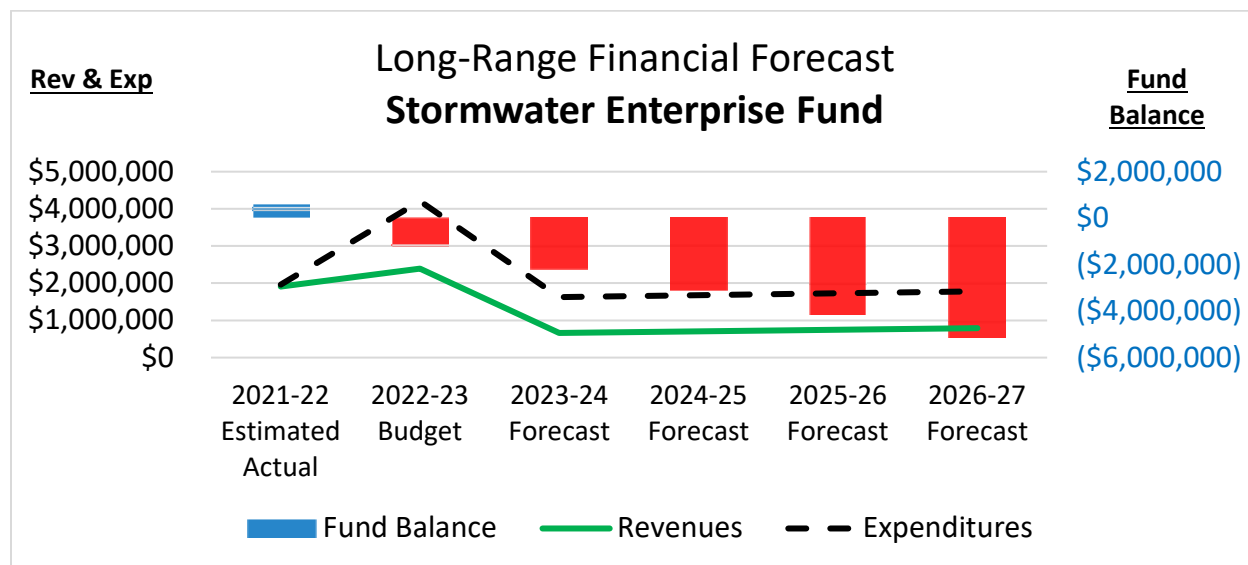


Stormwater Enterprise

The Stormwater Division of the Department of Public Works is responsible for maintaining the Stormwater conveyance system, as well as adhering to the requirements outlined in the National Pollutant Discharge Elimination System (NPDES) permit. Stormwater fees are collected through the County property tax, and a minimum of \$46.16 per assessor parcel number (APN) is assessed for most properties in San Bruno. The City has not been able to collect sufficient revenue to replace/repair the aging stormwater system.

In recent years, many cities have asked voters to approve of a dedicated funding source as the annual property tax assessment has proven to be inadequate to fund ongoing operations and necessary equipment and capital investments to meet federal requirements. In June 2021, the City held a mail ballot property-owner election to increase Storm Drainage and Flood Protection Fee. The initiative was rejected by voters overwhelmingly. Without additional revenues, staff are making every effort to minimize operation expenses and selectively delay improvement projects.

Stormwater fund balance stayed positive in FY2021-22 only because the City transferred \$1 million from ARPA to fund the enterprise. The financial forecast projects a negative fund balance in FY2022-23 with the negative fund balance increasing each year thereafter. The planned stormwater system capital improvement projects are to be funded by the General Fund due to the lack of dedicated stormwater fees.



CityNet Services Enterprise

The City provides a broad range of broadband video, data and voice services to residential and business customers over a cable network consisting of over one hundred miles of fiber optic and coaxial cable throughout the entire San Bruno community. The CityNet Services Enterprise also operates San Bruno Cable Channel 1 which covers all local City meetings, events, local programming, and informational public service programming and announcements. San Bruno Cable Channel 1 remains one of the most readily available and used informational resources for the San Bruno community and has proven to be a vital mode of communication particularly during the COVID-19 pandemic to inform citizens of services available to them.

The City took a bold step forward in the early 1970's when it initiated building a state-of-the-art coaxial cable television system to serve the San Bruno community. Over the years as technology has evolved and additional types of programming and services could be delivered to homes over the system, San Bruno CityNet Services has continued a regular program of upgrades and adoption of new technologies to assure that services remain robust and competitive in what has become an increasingly competitive market environment. No other cable television provider has operated inside San Bruno in direct competition with San Bruno CityNet Services. San Bruno CityNet Services remains one of only a small handful of incumbent municipal technology providers in the nation.

Over the last decade, as new technologies have emerged and evolved at a rapid pace, the CityNet Services Enterprise has become increasingly subject to competitive pressure from outside operators using wireless and other technologies to deliver video, voice and internet services. The environment of rapidly changing technology is dramatically shaping and affecting the way San Bruno CityNet Services and others do business. Where basic cable services were previously the "bread and butter" of the cable industry business, San Bruno CityNet Services, like all of the biggest companies in the business including Comcast and others, has seen substantial decline in basic cable subscriber counts and revenues. At the same time, the

Enterprise is experiencing moderate revenue growth in its residential and commercial internet service revenues.

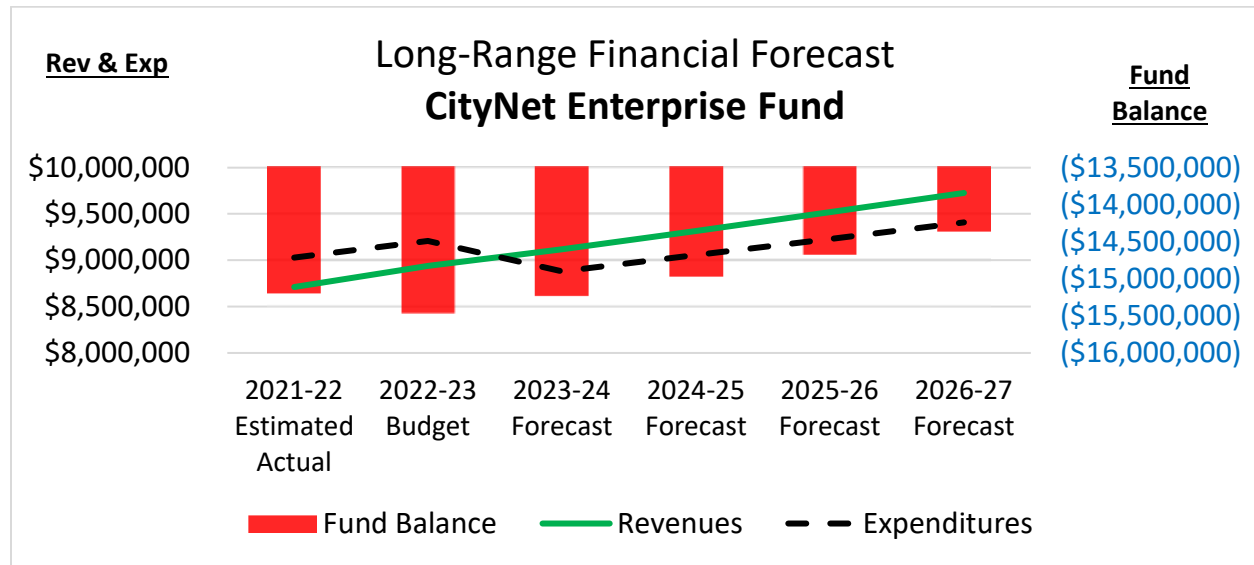
Over the past several years, subscriber revenues, the only source of Enterprise revenues, have not kept pace and have fallen far short of the capital investment required to stay current and to retain customers. As a result, the CityNet Services Fund has gradually developed a financial deficit that is estimated to reach approximately \$15.5 Million by the end of FY2021-22.

As an initial effort to address the deficit, the City Council approved a proactive, multi-year staged reduction of Enterprise costs by gradually eliminating the “equity transfer” amounts the Enterprise paid annually for over 40 years since its inception to support the General Fund Operating Budget. (At 10% of the Enterprise’s gross subscriber revenues, the equity transfer reached nearly \$1,000,000 annually.) Beginning in FY2015-16, these transfer amounts have gradually been reduced and eventually eliminated in the FY2019-20. In addition, the Enterprise historically paid a 5% franchise fee not only on video services as allowed by federal law, but on all revenues including the growing internet business revenues. In recent years, the franchise fee is only applied to TV subscription revenues.

The future vitality of San Bruno CityNet Services requires a costly investment to build a fiber to the home (FTTH) system throughout the entire community. FTTH would afford the City a very stable and nearly maintenance-free infrastructure for delivery of an even wider spectrum of technology services – importantly including internet speeds up to 1 gigabit. Some multi-family complexes have already implemented fiber technology in a pilot program. A city-wide deployment of FTTH is projected to cost approximately \$12,400,000. This amount would need to be provided upfront and would increase the Enterprise deficit for a period of years until subscriber counts and associated revenues increase sufficiently to generate adequate funds to cover the cost.

The cost of doing business with television channel providers and equipment vendors in the pay-tv industry have made it imperative that CityNet raise the rates to pay operational costs. A rate increase took effect on April 1, 2020. With the spread of Coronavirus, some customers have fallen behind on their payments. CityNet took great strides to control expenses and focus on higher margin business. Despite of loss of revenues due to delinquency, its operating revenues are expected to yield a slight surplus over operating expenditures in FY2022-23. However, there is no excess funding for debt services and General Fund will need to cover the payment. In the long-range financial forecast, the negative fund balance is expected to grow to \$15.5 million in FY 2022-23 and decrease gradually in the years after.

As long as the Enterprise remains in a financial deficit position, the impact falls on the City’s General Fund to backfill the Cable Fund shortfall. The City will need to quickly determine whether continued investment by the General Fund is desirable given the variety of other pressing General Fund needs or whether it is necessary for the City to outsource CityNet Services operations and system improvements or sell the system outright in order to protect the investment already made by the City. The City has engaged a consultant to study the feasibility of CityNet’s business plan and the first report is expected in June 2022.



INTERNAL SERVICE AND EQUIPMENT RESERVE FUNDS

Internal Service Fund operations provide direct services to support all City departments and City Enterprise Fund operations. The City maintains four Internal Service Funds including the Central Garage and the Building and Facilities Division operated through the Public Works Department, Technology and Self-Insurance. These Internal Service operations are funded through an expenditure allocation that is charged to each user department and enterprise. For FY2022-23, the Internal Service Allocation transfer amounts to 7.3 Million. This amount covers the cost of expenditures required to support operations of the Central Garage, Building & Facilities Division and the Information Technology Division. All internal service funds are anticipated to have a minimum fund balance at the end of FY2022-23 equal to 15% of annual, operating expenses – the target set in the City’s reserve policy.

In prior years, General Fund departments would contribute annually into the City’s Equipment Reserve Fund in order to fund equipment and vehicle purchases. In FY2020-21 the City Council eliminated the annual equipment reserve allocation as a budget balancing strategy. The FY2022-23 proposed budget continues to delay the reinvestment of funds into the Equipment Reserve Fund until additional financial resources have been identified.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) is designed to identify, plan and develop projects using a long-term vision for the community’s facilities and infrastructure needs. The CIP Budget outlines work programs, project descriptions, and funding needed projects to be undertaken in the next 5-years. The CIP Budget covers a one-year period and includes adopted funding allocations to each project for work that is expected to occur during the budget year. Changes to existing projects, as well as the addition of new projects, may occur during the 5-year planning period as new needs requiring attention and allocation of resources are identified. The

work program is updated every year as part of the CIP Budget development and review process.

Overall, the FY2022-23 Capital Improvement Program identifies 93 funded and underfunded projects/programs organized in 10 categories. \$283.2 Million in capital investment is programmed through the 5-year CIP to assure rehabilitation, replacement, and improvement of City facilities and infrastructure. \$180.7 Million of this amount is the expected cost of scheduled improvements to the City's water and wastewater systems.

The following summarizes the total capital plan for all approved capital projects over the next 5 fiscal years in each of the established project categories.

Project Categories	Total Capital Plan
Water	\$103,737,980
Wastewater	76,918,279
Stormwater	2,462,052
CityNet Services	117,000
Parks	6,532,044
Fire	3,577,431
Police	722,681
Facilities	51,579,997
Streets	34,643,166
Technology	2,939,295
Total	\$283,229,925

Many projects appearing in the CIP are scheduled for completion over a multi-year period. In each year, some projects are completed, closed out and removed from the program. A total of 7 projects in the adopted Capital Improvement Program were completed during FY2021-22. These projects have all contributed to extending the useful life of critical infrastructure and facilities and several of them provide visible improvement to safety and aesthetics in the community. The following projects have been completed and removed from the CIP:

- San Antonio Ave Water Main
- San Antonio Ave Sewer Main
- Tom Lara Grandstand
- Police Facility Improvements – HVAC and Roof
- Library Facility Improvements – Library Generator
- Senior Center Deck Replacement
- Pavement Management Program – Huntington/San Antonio Street Rehabilitation

New projects for FY2022-23 in the Adopted Capital Improvement Program include:

- Water Quality Well System Upgrade & Sweeney Ridge Tank Chlorine Generator
- Earl/Glenview Avenue Wastewater Main
- Downtown Parking Program
- City Hall Facility Maintenance Program
- FY2022-23 Sidewalk Repair Project

While the comprehensive CIP is not limited to projects for which funding has been identified, the CIP generally includes a more limited presentation on proposed projects for which funding is not available. The FY2022-23 CIP Budget includes \$529.5 Million in capital projects that do not have a designated funding source. These projects are shown in the Unfunded Priorities section of the CIP. Many of the unfunded projects address community needs for rehabilitation and/or replacement of critical facilities such as the Library, City Hall, Fire Station 51 and 52 and the City's maintenance yard facilities that were originally constructed in the 1950's. While the buildings remain reasonably serviceable, they are increasingly outdated and will eventually need to be replaced. These projects remain shown in the CIP so that they are included in the City's long-term strategic planning and remain priorities for future funding initiatives.

Although these projects do not have available funding to move them to completion, they do represent projects with an identified need to protect the integrity of critical City facilities and infrastructure. Rehabilitation and replacement of these City facilities is one of the several issues driving a need for the establishment of a thoughtful strategic plan to grow General Fund revenues over the next several years. The City has generally relied on the General Fund Capital Reserve to fund necessary, but relatively minor facility repair and improvement projects as needed including such work as roof replacement, kitchen, and restroom improvement and minor remodeling to meet expanded or changing operational needs. Unlike other City reserve funds that are saved for use in the event of unexpected revenue loss, emergency or other "rainy day" situation, the General Fund Capital Reserve is intended to be used as needed to fund General Fund facility and infrastructure (streets, sidewalks, streetlights, etc.) projects that do not have another identified funding source. Additionally, development impact fees will be a critical funding sources to implement capital projects in the future.

The General Fund Capital Reserve is designated by City Council policy to maintain a minimum \$5 Million balance with expenditures replenished by eligible one-time revenues and excess General Fund operating revenues available at the close of the prior fiscal year. The City anticipates nearly \$26 million in community benefit payment from YouTube in FY2022-23 for the development of its office complex. The Reserve balance is projected to be \$27.9 million in FY 2022-23. Staff will seek Council guidance and develop an appropriation plan for the funds.

SERVICE LEVEL ENHANCEMENTS

The City endured significant service cuts during the FY 2020-21. Although some services were restored in FY2021-22 with the infusion of ARPA fund, the service level is still behind the pre-pandemic level. Many large developments are happening in the City and it is critical for the City to keep up with the needs of the business communities as well as the residential communities.

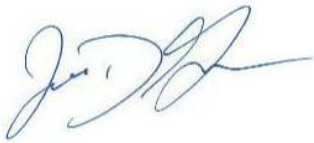
The entire City team is dedicated in providing the best services to San Bruno residents and communities. However, it is undeniable that the City needs additional resources, both staffing and supplies. With this budget, staff proposes limited service enhancements over the current operation model.

The detailed list of service enhancements is included in the proposed budget document. In summary, the total supplemental requests amount to \$2 million, including \$1 million net impact to the General Fund.

CONCLUSION AND ACKNOWLEDGEMENTS

The City's proposed General Fund budget is balanced for FY2022-23 after applying \$634,799 from the General Fund balance.

I want to personally thank each employee that works to move San Bruno forward each and every day. The budget team led by Finance Director Qianyu Sun includes Accounting Manager Darlene Wong, Financial Services Manager Esther Garibay-Fernandes, Accountant Yu Chiao Chao, Payroll Specialist Benjie Lin, CED Management Analyst Radha Mehta, and Public Works Management Analyst Jacinta Liang worked long hours and provided wise analysis to make sure this proposed budget contains clear, accurate and understandable information to make it easy for the City Council and members of the public to use. I truly appreciate their contributions and their support.

A handwritten signature in blue ink, appearing to read 'Jovan D. Grogan', with a stylized flourish at the end.

Jovan D. Grogan
City Manager

RESOLUTION NO. 2022 -__

RESOLUTION APPROVING FY2022-23 OPERATING AND FY2022-26 CAPITAL IMPROVEMENT PROGRAM BUDGET

WHEREAS, the City Manager transmitted the FY2022-23 Proposed Operating and Capital Budget to the City Council in accordance with the Municipal Code Section 2.12.060; and

WHEREAS, the City Council also serves as the Board of Directors of the Successor Agency to the San Bruno Redevelopment Agency; and

WHEREAS, the City prepares and adopts the Operating and Capital Budget with the intent of providing a planned policy program for City services and a financial system to carry out the planned program of services; and

WHEREAS, the City's budget development approach across all operations and funds adheres to the City Council's ongoing policy for the delivery of a financial plan that is balanced with expenditures contained at the levels that can reasonably be supported by on-going revenues; and

WHEREAS, the City Council held duly noticed budget hearings on May 31, and June 14, 2022; and

WHEREAS, the City Council authorizes the use of funds in the General Fund Reserve in order to balance the budget in FY2022-23; and

WHEREAS, the City Council considered Supplemental Enhancement, ongoing and one-time costs, and

WHEREAS, the City prepares and adopts the Capital Improvement Program with the intent of providing a planned program for water and wastewater facilities, traffic and transportation circulation, building improvements, and the purchase of new technology and the financial plan to carry out the program; and

WHEREAS, the San Bruno Planning Commission reviewed the capital improvement projects contained in the above budget on May 17, 2022 for compliance with the General Plan of the City and adopted a resolution confirming project compliance; and

WHEREAS, the Proposed Capital Improvement Program identifies over one hundred projects in the FY2023-27 work-plan;

WHEREAS, the proposed allocations of the Measure G District Sales Tax revenues in FY2022-23 were presented to the Citizen's Revenue Measure Oversight Committee on May 11, 2022. The Committee approved allocations on CIP street projects, an emergency response vehicle and citywide wildfire mitigation for a total of \$6,110,000;

WHEREAS, the City Council, being fully advised and informed and having fully reviewed the Proposed FY2022-23 Operating and Capital Budget, finds and determines that the Proposed Budget should be adopted and prepared in final form.

NOW THEREFORE BE IT RESOLVED, the City Council of the City of San Bruno adopts the total Operating Revenue appropriation of \$177,788,391, Transfers In appropriations of \$23,509,452, Operating Expenditure appropriations of \$102,355,226 and Transfers Out appropriations of \$23,509,452 for FY2022-23; and

NOW THEREFORE BE IT FURTHER RESOLVED, that the City Council of the City of San Bruno approves the recommended budget enhancements, in the total amounts identified in Attachment 4:

NOW THEREFORE BE IT FURTHER RESOLVED, that the City Council of the City of San Bruno approves the Capital Improvement Program as follows:

SECTION 1: Revenues, expenditures and transfers enumerated in the FY2023-27 Capital Improvement Program Budget are hereby appropriated.

SECTION 2: The FY2022-23 Proposed Capital Improvement Program is hereby adopted and budget appropriations totaling \$57,266,240 and in the following amounts are hereby approved:

Fund	Carryover Appropriations	FY2022-23 Funding Request	FY2022-23 Project Funding	Total 5-Year Program
Water	\$14,933,889	\$10,354,091	\$25,287,980	\$103,737,980
Wastewater	20,168,279	5,300,000	25,468,279	76,918,279
Stormwater	2,462,052		2,462,052	2,462,052
CityNet Services	117,000		117,000	117,000
Parks	477,069	4,604,975	5,082,044	6,532,044
Fire	1,577,431	150,000	1,727,431	3,577,431
Police	295,681	427,000	722,681	722,681
Facilities	24,576,047	25,968,777	50,544,824	51,579,997
Streets	11,651,769	9,811,397	21,463,166	34,643,166
Technology	739,295	1,150,000	1,889,295	2,939,295
Total	\$76,998,512	\$57,766,240	\$134,764,752	\$283,229,925

SECTION 3: The FY2022-23 capital improvement work plan is authorized to include carry-over appropriations for projects moving toward completion or on the schedule to commence. Total carry-over appropriations from FY2021-22 are estimated to be \$76,998,512.

—oOo—

I hereby certify the foregoing Resolution No. 2022-
was introduced and adopted by the San Bruno City Council

at a regular meeting on June 28, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

Vicky Hasha
Deputy City Clerk

RESOLUTION NO. 2022 -

**RESOLUTION AUTHORIZING PRELIMINARY EXPENDITURE APPROPRIATION TO
SUPPORT CITY OPERATIONS PENDING APPROVAL OF THE PROPOSED FY2022-
23 OPERATING AND CAPITAL BUDGET**

WHEREAS, the City Manager transmitted the Proposed Year FY2022-23 Operating and Capital Budget to the City Council in accordance with the Municipal Code section 2.12.060; and

WHEREAS, the City Council held duly noticed public budget hearings on May 31 and June 14, 2022 regarding the Proposed FY2022-23 Operating and Capital Budget; and

WHEREAS, the City Council will continue review of the budget at a future Regular meeting.

NOW, THEREFORE, BE IT RESOLVED that the San Bruno City Council hereby authorizes preliminary expenditure appropriations supporting City municipal operations pending approval of the FY2022-23 Operating and Capital Budget. This continuation shall be in place for a period no longer than through August 31, 2022 or the adoption of the FY2022-23 Operating and Capital Budget.

BE IT FURTHER RESOLVED that the preliminary appropriations shall amount to one-sixth of the recommended FY2022-23 expenditures and that all revenues, expenditures and transfers will be adopted with approval of the FY2022-23 Operating and Capital Budget.

Dated: June 28, 2022

—oOo—

I hereby certify the foregoing Resolution No. 2022-
was introduced and adopted by the San Bruno City Council
at a regular meeting on June 28, 2022 by the following vote:

AYES:
NOES:
ABSENT:

ATTEST:

Vicky Hasha
Deputy City Clerk

Summary of Proposed Budget Enhancements

Budget Enhancement Request	City Council Priority & Focus Area	New Ongoing Cost	One-Time Costs	New Revenue / Allocation / (Expenditure)	Net Impact on Fund
General Fund					
City Manager (NEW)					
Human Resources Director Enhancement -The proposed budget includes an additional service enhancement proposal to adjust staffing positions within the City Manager's Office. The proposal recommends elimination of a vacant Economic Development Manager position and replacement with a Human Resources Director position and one-time funding for contract economic development support in the amount of \$48,000. In total, the enhancement request does not have a net impact on the proposed FY 2022-23 budget, as two vacant positions will be budgeted for 10-months, instead of the full year. However, the net ongoing additional cost in future years is projected to be \$60,500.	Proactive Planning	459,965	-	459,965	0
		0		-	0
City Manager Total		\$459,965	\$ -	\$ 459,965	\$0
Finance					
Reclassification- New Budget Officer, replace Lead ACSR -Our Financial Service Manager is the supervisor of Revenue Services and knowledgeable with the Division operation. The Revenue Services Division needs a dedicated manager with strong leadership skills to direct staff training and improve technical skills. However, the Financial Service Manager has not been able to dedicate much of her time to the operation because she is also very involved in budget development and financial analysis. Additionally the City is preparing for banking services implementation and ERP conversion. The technical capacity of the Revenue Services Division is critical to the success of the implementations. We recommend to create a new position of Budget Officer to assume the responsibilities of budget development and financial analysis, so that the Finance Service Manager can refocus on revenue management and improve the division operation. The Budget Officer will enhance the analytical capacity of the Finance Department and help with ad hoc financial analysis the City is interested in.	Proactive Planning	26,484			26,484
New Position- Purchasing Officer - The City of San Bruno is in dire need of a seasoned purchasing professional to develop a sophisticated purchasing policy, improve the purchasing procedures and be the expert on citywide procurement activities. Currently, most procurement related questions are answered by the Finance Director and City Attorney, which is not the cost effective way to handle procurement issues. The majority of the City's procurement activities originate from Public Works Department and are related to capital improvement projects and enterprise funds. The fully burdened cost of a purchasing officer can be allocated across the city based on procurement activities.	Proactive Planning	108,923	-	-	108,923
Finance Total		\$135,407	\$ -	\$ -	\$135,407
Police					
Unfreeze One Police Officer - Frozen police positions have created a burden on the officers to fill overtime related gaps. Many officers are having to work 16-hour days, which can cause many issues to staffing and degrade performance.	Protect & Improve Community Aesthetics and	118,826			118,826
ADA Translation - Two tablets at the front counter for ASL use in order to comply with Title II of americana Disabilities Act	Protect & Improve Community Aesthetics and Safety	1,850	1,700		3,550
Bicycle Patrol Appropriation for bicycle maintenance and replacements	Protect & Improve Community Aesthetics and Safety	0	5,500		5,500
CueHit Automated SMS System CueHit works with the department's CAD/RMS system to send out automated SMS messages based upon specified criteria. CueHit sends automated satisfaction surveys to members of the public following calls for service, sends case updates to victims regarding investigative progress, and sends required documentation to victims electronically. In addition, CueHit provides a detailed reporting platform that enables staff to garner invaluable insights to improve operations.	Protect & Improve Community Aesthetics and Safety	3,500			3,500
Key Control System Electronic system to manage key usages and accesses.	Protect & Improve Community Aesthetics and Safety	1,200	5,000		6,200
LEFTA Software LEFTA is an interconnected suite of cloud-based applications including use of force reporting, vehicle pursuit reporting, personnel investigations, field training program, training records and personnel records. These applications will allow the Department to better track trends and provide for an early warning system for potential issues.	Protect & Improve Community Aesthetics and Safety	7,000			7,000
Team Building Workshop The Team Building Workshop (TBW) Program pairs independent specialized consultant services with the management team of a local agency to assist with problem solving, developing organizational goals and objectives, and/or team building within the agency. POST has an approved list of over 20 presenters to present/facilitate the workshop. Police Departments are requested to participate in a POST TBW within the first two years of swearing in a new Police Chief. CA POST will reimburse most of the costs associated with the workshop.	Protect & Improve Community Aesthetics and Safety		12,600	11,000	1,600
Wellness Program Taking measures to enhance PD employee wellness, using a multi-faceted approach, is essential. This is to provide individual Clinician Mental Health Counseling Services, Individual Professional Personal Training Services and individual Professional Dietary/Nutrition Services to PD staff.	Protect & Improve Community Aesthetics and Safety		50,000		50,000
Police Total		\$132,376	\$74,800	\$11,000	\$196,176

Summary of Proposed Budget Enhancements

Budget Enhancement Request	City Council Priority & Focus Area	New Ongoing Cost	One-Time Costs	New Revenue / Allocation / (Expenditure)	Net Impact on Fund
Fire					
1.0 Fire Captain/Paramedic - The Fire Department has participated in the Central San Mateo County Training Division since 2012. Recently the San Mateo Consolidated Fire Department has withdrawn from the agreement. These changes and other factors have created the need for the Fire Department to better support the training division by adding a fire captain position that will be assigned to the training division beginning July 1st 2022.	Protect & Improve Community Aesthetics and Safety	233,093			233,093
Fire Total		233,093	0	0	233,093
PW Admin & Engineering					
Reclassify 1.0 FTE Associate Civil Engineer Step 5 to 1.0 FTE Sr. Civil Engineer, Step 5. Re-classify position. Public Works has a vacant Associate Civil Engineer position that focuses on traffic engineering and managing the Traffic Safety Parking Committee (TSPC) and TSPC related work. Recruitment for a qualified candidate has been on-going since April 2020 and has been unsuccessful. Public Works recommends re-classifying the position to a "Senior Civil Engineer" position. Currently, the City is using a consultant to complete TSPC and traffic engineering tasks. The administrative functions are being absorbed by remaining staff. Revenue Source: Gas Tax: 100%. Job Description & Salary Schedule: "Senior" position title doesn't currently exist. A "Senior" Engineer will be added to the Civil Engineer series at a salary between the "Associate" and "Principal" levels. Staff will work with HR on appropriate salary and job description. Fiscal Impact: Difference between an Associate Civil Engineer, Step 5 and a Senior Civil Engineer, Step 5.	Proactive Planning	28,740		28,740	-
Add 1.0 Principal Civil Engineer Step 5 temporary full-time position. Public Works recommends bringing on a Principal Civil Engineer dedicated to managing the Tanforan Redevelopment Project and other capital projects. Revenue Source: Tanforan Development Agreement: 100% (or CIP Projects as Assigned)time position.	Proactive Planning	199,285		199,285	-
Add 1.0 Senior Civil Engineer, Step 5. This Senior-level Engineering position will oversee management and completion of capital projects – with primary emphasis on projects identified in the Water and Wastewater Master Plans and funded in the 2017 Council-approved Water and Wastewater Rate Study. Public Works is under-staffed to complete the schedule of projects outlined and funded in the annual capital improvement program budget and identified in the 2017 Council-approved Water and Wastewater Rate Study. Bringing on consultants can only provide support to a certain extent. A Senior Engineer is needed to coordinate and supervise specific programs, more junior level engineering staff, and consultants. Each consultant needs oversight by a staff engineer and those staff engineers need to be supervised by a Senior Engineer to help provide guidance and direction. The number of backlogged projects that could move forward are limited by the heavy project workload already being managed by overburdened staff engineers. Revenue Source: Capital Projects: 85%; Enterprise Fund: 15%. Job Description & Salary Schedule: "Senior" position title doesn't currently exist. A "Senior" Engineer will be added to the Civil Engineer series at a salary between the "Associate" and "Principal" levels. Staff will work with HR on appropriate salary and job description.	Proactive Planning	185,000		185,000	-
Add 1.0 Associate Civil Engineer, Step 5. This Associate Engineering position will oversee management and completion of capital projects – with emphasis on the streets program and to implement projects from Measure G along with projects identified in the Water and Wastewater Master Plans and funded in the 2017 Council-approved Water and Wastewater Rate Study. This position will work on street paving and related projects identified in the annual capital improvement program. With the growth in street improvements, an additional engineer is needed to implement and deliver additional pavement management projects. Public Works is under-staffed to complete the schedule of projects outlined and funded in the annual capital improvement program budget and identified in the 2017 Council-approved Water and Wastewater Rate Study and Measure G funded Paving Projects. Consultants are being brought on in various phases to help with the timely delivery of CIP projects, which includes Measure G funded paving projects. Each consultant still needs oversight by a staff engineer to assure projects are delivered and City-wide goals are met. The number of backlogged projects that can move forward is limited by the heavy workload already being managed by overburdened staff engineers. The project workload has increased significantly to a point that the overburdened staff engineers are experiencing burnout. Revenue Source: Capital Projects: 85%; Gas Tax: 15	Proactive Planning	170,545		170,545	-
Citywide Traffic Speed Study	Proactive Planning		40,000		40,000
Temporary Engineering Assistance with projects, Engineering counter, and permits	Proactive Planning	0	25,000		25,000
Public Works Admin & Eng Total		\$583,570	\$ 65,000	\$ 583,570	\$65,000

Summary of Proposed Budget Enhancements

Budget Enhancement Request	City Council Priority & Focus Area	New Ongoing Cost	One-Time Costs	New Revenue / Allocation / (Expenditure)	Net Impact on Fund
PW Streets					
Add 1.0 Management Analyst II, Step 3 position to be funded 85% Enterprise Fund (Wastewater: 40%, Water: 40%, Stormwater: 5%), 10% Internal Services Fund (Garage 5%, Facilities: 5%) and 5% General Fund (Streets 5%). This position will have a working title of "Business Application Support Analyst" but will be hired under the job classification title of "Management Analyst II". The analyst position will be established to address many of the recommendations from the "City of San Bruno Public Works Department Organizational Assessment" prepared by Municipal Resource Group, LLC. This position will focus mainly on application enhancements that will coordinate the Department's implementation of GIS, CMMS, Asset Management across all Operation Divisions to schedule and track work, manage assets, and eliminate the duplicative manual scheduling and tracking of systems. Furthermore, this position will also focus supporting the Engineering's section's effort to identify and implement a project management software and develop procedures and processes related to project management. This position will also support the My Government Online permitting system implementation effort to reduce double entry and manual tracking of permits. From the business perspective, this position will help create or streamline business workflows that are needed to automate processes with the applications described above. The key value of the business analyst is to analyze workflow and design business processes and workflow strategies that can utilize software applications to access, retrieve, define data rules/relationships, and methods of quality control of databases to leverage all software applications to help report and provide insight into metrics of the department. Currently there is not a function like this for the City or Department. Another recommendation achieved is to evaluate the City's contract with Lynx technologies to ensure that all necessary GIS-related services are provided, and that all necessary or desired system features are functional. This position will help satisfy a staffing recommendation to consider creating a position dedicated to asset management so as to ensure that the data over time with the advent of new systems and equipment have a level of reliability. The application efforts that the business analyst will work on should help to provide the data needed to achieve the departments organizational and operational effectiveness goals, as recommended, by setting the foundation to establish performance and workload metrics for the Department, identify and track timelines for response to common service requests, appropriately resource staffing levels to deliver the Capital Improvement Program, aid in developing a more structured approach to identifying, prioritizing, and performing street maintenance activities in the Streets & Stormwater Division such as contracting out easily measured and verified work in the Street's Division. This position will coordinate the input/maintenance of vital infrastructure inventories and update them as crews make repairs and capital improvements are completed.	Proactive Planning	7,373	-	-	7,373
Public Works Streets Total		\$7,373	\$ -	\$ -	\$7,373
Planning					
Consultant Services for General Plan and Zoning Amendments- The City continues to finalize its next Housing Element Update and is initiating its General Plan update to be compliant with applicable State houses and to explore new ways to solve the State's housing crisis. Consultant services in preparation for the associated General Plan and Zoning Amendments and environmental documents for selected properties is necessary. \$24,000 will be funded by General Plan Maintenance revenue.	Proactive Planning		100,000	24,000	76,000
Consultant services for the update of the General Plan Safety Element- The City is initiating a General Plan Safety Element to address climate adaptation and resiliency strategies, and fire hazard severity zones, in compliance with State law.	Protect & Improve Community Aesthetics and		70,000	70,000	
Consultant services for the Housing Element Update (FY22-23) for CEQA and Water Study- The City anticipates to seek proposals from qualified consultants to prepare the environmental analysis and water study to complete the required Housing Element Update, under State law, in a manner consistent with the Regional Housing Needs Allocation planning period. City's Housing Element Update is required to be approved by City Council and certified by HCD by January 2023.	Proactive Planning		120,000		120,000
Planning Total		\$0	\$ 290,000	\$ 94,000	\$196,000
Building					
Add Consultant for in-house Plans Examiner services. The City has been providing increased over the counter (OTC) services to applicants for plan checking services. With an in-house Plan Examiner, applicants will receive additional opportunity for faster plan review services and further assistance on comments and corrections. CED is requesting a Contract Plans Examiner providing 24 hours of in-house plan check per week. The applicant will be charged for the hourly contracted rate and the services will be cost recoverable.	Proactive Planning		141,960	141,960	0
Contract On-Demand Senior Building Inspector - The City is experiencing an increase in development activities which will require more capacity to support field building inspectors for larger and more complex development projects. Additional on-demand building inspector service provided by qualified consultants firms for up to 36 hours (4 working days) a week would be necessary to ensure smooth department operation.	Proactive Planning		250,000	250,000	0
Building Total		\$0	\$391,960	\$391,960	\$0

Summary of Proposed Budget Enhancements

Budget Enhancement Request	City Council Priority & Focus Area	New Ongoing Cost	One-Time Costs	New Revenue / Allocation / (Expenditure)	Net Impact on Fund
Parks Maintenance					
Reclassify 1.0 Maintenance Worker I/II to Lead Maintenance Worker and 1.0 Maintenance Worker I/II to Community Services Technician I/II - The Parks Division is requesting classification changes to two Park Maintenance Worker I/II positions to better manage the work of the Division. An assessment of the Parks Division indicated two areas of work that, with a minor reorganization of staffing, will yield greater efficiencies in service delivery: repair and maintenance of our aging parks infrastructure and the facilitation of the tree program and service requests. The Parks Maintenance Worker Lead will be responsible for repair of aging infrastructure items such as irrigation, fencing, signage, sports facilities, drinking fountains, park amenities, and special projects. Grouping this repair work for a new crew will allow a more focused service delivery by the two existing crews that focus on the daily landscape and softscape work in our parks. Additionally, one of the Parks Maintenance Worker I/II positions is requested to be converted to a Community Services Technician I/II. This is a new classification that will be similar to the Community Development Technician I/II in terms of their responsibility for a permitting program (Trees) and coordination of SB responds service requests. This function is currently distributed between Administration and Parks, resulting in an inefficient service delivery model. Full assignment of permits and SB responds to the Parks Division will appropriately assign this work to subject-matter experts, create a more streamlined process, and provide improved service delivery to our residents.	Proactive Planning	261,686		235,333	26,353
Parks Maintenance Total		261,686	\$ -	\$ 235,333	26,353
Internal Service Funds					
Central Garage					
Add 1.0 Management Analyst II, Step 3 position to be funded 85% Enterprise Fund (Wastewater: 40%, Water: 40%, Stormwater: 5%), 10% Internal Services Fund (Garage 5%, Facilities: 5%) and 5% General Fund (Streets 5%). See full explanation under Streets	Proactive Planning	7,373	-	-	7,373
Fleet Study	Proactive Planning		60,000		60,000
Contract repair of diesel and specialty City Vehicles and equipment	Proactive Planning	15,000			15,000
Central Garage Total		22,373	\$ 60,000	\$ -	82,373
Building and Facilities					
Add 1.0 Management Analyst II, Step 3 position to be funded 85% Enterprise Fund (Wastewater: 40%, Water: 40%, Stormwater: 5%), 10% Internal Services Fund (Garage 5%, Facilities: 5%) and 5% General Fund (Streets 5%). See full explanation under Streets	Proactive Planning	7,373	-	-	7,373
San Mateo Avenue decorative street lighting maintenance	Proactive Planning	10,000		-	10,000
Backflow testing and certification	Proactive Planning	7,500		-	7,500
Generator contract maintenance	Proactive Planning	20,000		-	20,000
HVAC contract maintenance	Proactive Planning	16,000		-	16,000
Roof contract maintenance	Proactive Planning	14,000		-	14,000
Building and Facilities Total		\$74,873	\$ -	\$ -	\$74,873
Information Technology					
New City phone system maintenance support. Reoccurring annual maintenance contract for the new phone system from CIP phone upgrade.	Proactive Planning	25,000			25,000
CivicPlus-City Website Hosting Service, including Emergency and Mass Notification platform with Multi-Channel Alerting, NOAA Weather Alerts. Ongoing City website service hosting.	Proactive Planning	27,000			27,000
City Wide SMS communication system. The City always makes communication a priority, but it is especially important during times of emergency. SMS/MMS messaging systems can help provide alerts during such critical moments, as well as improve information exchanges with the public on a day-to-day basis. The City currently lacks a SMS communication system to send mass notifications and time-critical alerts.	Proactive Planning	5,000			5,000
Macrium imaging tool. Imaging application to automate deployment of desktops/laptops to save IT staff time. Currently deployed.	Proactive Planning	600			600
Citrix Cloud Navigator. Feature to allow mapping of OneDrive cloud file hosting service in Citrix environment. Currently deployed.	Proactive Planning	4,500			4,500
2 network switches - Police and Parks & Recreation. Current equipment not covered under a maintenance contract and are critical to the Police Department phone and data network and the Parks and Recreation network infrastructure.	Proactive Planning		12,000		12,000
Information Technology Total		62,100	\$ 12,000	\$ -	\$74,100

Summary of Proposed Budget Enhancements

Budget Enhancement Request	City Council Priority & Focus Area	New Ongoing Cost	One-Time Costs	New Revenue / Allocation / (Expenditure)	Net Impact on Fund
Enterprise Funds					
Water Enterprise					
Add 1.0 Management Analyst II, Step 3 position to be funded 85% Enterprise Fund (Wastewater: 40%, Water: 40%, Stormwater: 5%), 10% Internal Services Fund (Garage 5%, Facilities: 5%) and 5% General Fund (Streets 5%). See full explanation under Streets	Proactive Planning	58,984	-	-	58,984
Capital Project Accountant - Funded by enterprise funds (50% Water and 50% Wastewater) to provide financial support for Water and Wastewater funds, including PO management, invoiceing, reconciliation, reporting. This position reports to Finance.	Proactive Planning	65,877			65,877
Overtime	Proactive Planning		50,000	-	50,000
Treatment of Wells	Proactive Planning	80,000	-	-	80,000
Water Quality testing for Wells	Proactive Planning	67,000	-	-	67,000
Pipes, Fittings, and replacement parts	Proactive Planning	55,000	-	-	55,000
Treatment of testing supplies for tanks	Proactive Planning	11,000	-	-	11,000
Water Quality treatment feed pumps, chlorine analyzer, and supplies	Proactive Planning	7,000	-	-	7,000
Radio tower base station and water meter technology maintenance and monitoring	Proactive Planning	10,000	-	-	10,000
Annual Water Supply & Demand Assessment and Shortage Report	Proactive Planning	10,000	-	-	10,000
Hach water quality testing supplies	Proactive Planning		55,000	-	55,000
RCS unit tools and repair equipment	Proactive Planning		15,000	-	15,000
16-inch ductile iron chansaw	Proactive Planning		5,000	-	5,000
Emergency scene lights	Proactive Planning		5,000	-	5,000
Water Enterprise Total		364,861	130,000	0	494,861
Stormwater Enterprise					
Add 1.0 Management Analyst II, Step 3 position to be funded 85% Enterprise Fund (Wastewater: 40%, Water: 40%, Stormwater: 5%), 10% Internal Services Fund (Garage 5%, Facilities: 5%) and 5% General Fund (Streets 5%). See full explanation under Streets	Proactive Planning	7,373	-	-	7,373
Stormwater contract spot repair, including replacement of conveyance pipe, culverts, catch basins, inlets, emergency response, and other related services as needed	Proactive Planning		10,000		10,000
Sidewalk monthly pressure washing services	Proactive Planning	52,400			52,400
Stormwater Enterprise Total		59,773	10,000	0	69,773
Wastewater Enterprise					
Add 1.0 Management Analyst II, Step 3 position to be funded 85% Enterprise Fund (Wastewater: 40%, Water: 40%, Stormwater: 5%), 10% Internal Services Fund (Garage 5%, Facilities: 5%) and 5% General Fund (Streets 5%). See full explanation under Streets	Proactive Planning	58,984	-	-	58,984
Capital Project Accountant - Funded by enterprise funds (50% Water and 50% Wastewater) to provide financial support for Water and Wastewater funds, including PO management, invoiceing, reconciliation, reporting. This position reports to Finance.	Proactive Planning	65,877			65,877
Wastewater Master Plan Update	Proactive Planning		100,000	-	100,000
Sanitary Sewer Management Plan Update	Proactive Planning		60,000	-	60,000
Spare pump at Lomita Pump Station	Proactive Planning		30,000	-	30,000
Replacement tractor and wheel kit for sewer pipe video inspections	Proactive Planning		23,000	-	23,000
Upgrade sewer pipe video inspection (CCTV) software	Proactive Planning		22,000	-	22,000
Wastewater Enterprise Total		124,861	\$ 235,000	\$ -	359,861
Total Supplemental Requests		\$2,522,312	\$1,268,760	\$ 1,775,828	\$2,015,244
Total General Fund Costs		\$ 1,940,266	\$ 869,040	\$ 1,775,828	\$ 1,033,478
Total American Rescue Plan Act Fund Costs		\$ -	\$ -	\$ -	\$ -
Total Measure G Costs		\$ -	\$ -	\$ -	\$ -
Total Internal Service Funds Costs		\$ 159,346	\$ 72,000	\$ -	\$ 231,346
Total Enterprise Funds Costs		\$ 549,496	\$ 375,000	\$ -	\$ 924,496



MEMORANDUM

CITY OF SAN BRUNO

City Manager's Office

TO: San Bruno Mayor and City Council

FROM: Jovan D. Grogan, City Manager

DATE: June 28, 2022

SUBJECT: Human Resources Director Enhancement Request Detail

BACKGROUND:

The proposed budget includes an additional service enhancement proposal to adjust staffing positions within the City Manager's Office. The proposal recommends elimination of a vacant Economic Development Manager position and replacement with a Human Resources (HR) Director position and one-time funding for contract economic development support in the amount of \$48,000. In total, the enhancement request does not have a net impact on the proposed FY 2022-23 budget, as two vacant positions will be budgeted for 10-months, instead of the full year. However, the net ongoing additional cost in future years is projected to be \$60,500.

This memorandum provides additional detail on the history of the HR Director position in San Bruno, the rationale for the proposal, comparison of related staffing in other neighboring agencies and financial details.

DISCUSSION:

At present, the City Manager's Office (CMO) is comprised of 5 positions and includes direct oversight of the City Clerk and Human Resources offices. A current organizational chart that shows the CMO positions as well as staffing and departmental reporting structures can be found as Attachment 1 of this memo.

Positions in the CMO are:

- City Manager
- Assistant City Manager (ACM) / Chief People Officer
- Economic Development Manager
- Assistant to the City Manager
- Executive Assistant to the City Manager

The current duties of the Assistant City Manager/Chief People Officer position include serving in a dual role, handling both leadership and strategy for citywide initiatives while at the same time serving as the subject matter expert and advisor on human resources matters. Given the increasing volume and complexity of citywide development initiatives, as well as the increasing attention needed for labor and employee relations, City staff recommends bifurcating these two roles and reinstating a stand-alone Human Resources Director to lead human resources initiatives.

From 2005 to 2014, the Human Resources Director position oversaw the human resources functions for a full-service city including recruitment and selection, benefits administration, employee development and training, classification and compensation, labor and employee relations, employee evaluation programs and workers' compensation. At the time, the department was staffed with one Human Resources Director, one analyst, and one secretary, which later morphed into one director and 1.5 analysts.

In 2014, the Human Resources Director transitioned to the Assistant City Manager position, taking on additional responsibility of assisting the City Manager with special projects and organization-wide initiatives, in conjunction with continuing to serve as the head of Human Resources overseeing the breadth of human resources activities with 1 Human Resources Manager and 1.5 analysts. At that time, development throughout the City was not occurring at the same pace as present time, which allowed the Assistant City Manager position to remain largely focused on human resources matters.

The current version of the Assistant City Manager position includes serving as a strategic advisor and administrative guide to the Senior Leadership team on key projects including development, facilitating major departmental programs and organizational initiatives, leading special projects having organization-wide impact, serving as the City Manager in his absence, and representing the City Manager, Mayor, and City Council on various boards, commissions and committees to help the City fulfill its mission, goals and strategic initiatives.

In addition to these responsibilities, the current (vacant) Assistant City Manager role retains the functions of serving as a Human Resources Director in a full-service City responsible for employees supporting a wide range of public services including Police, Fire, Police, Public Works (including Water, Wastewater, Streets and Stormwater), Community Services (including a Library, Senior Center, and new Recreation and Aquatics Center). As the Chief People Officer, the position supervises the Human Resources Manager and serves as the City's subject matter expert and key advisor on all human resources matters, including recruitment and selection, benefits

administration, employee development and training, classification and compensation, labor and employee relations, employee evaluation programs and workers' compensation.

It is rare to find an individual who possesses the specialized skillset for both human resources expertise needed for a full-service City while at the same time can act as a subject matter expert for the complex development projects in the City, present and future. Further, the complexity of City administrative functions and executive necessitate a full-time Assistant City Manager position and a full-time Human Resources Director position. Such a staffing model is the norm, rather than the exception for neighboring cities. The following comparison data shows for San Mateo County cities and the City regularly uses for financial and personnel benchmarking purposes. The data shows that, not only does the majority of peer agencies employ a HR Director and an ACM, it demonstrates that San Bruno has ones of the highest City Employee to HR staff ratios of the comparison cities. San Bruno has approximately 105 city employees to each HR staff member, the second lowest ranking. The ranking increases slightly to the third position when San Bruno's HR staffing is adjusted from 2.5 to 3.0, accounting for the fact that the current Assistant City Manager/Chief People Officer provides direct HR support. Nevertheless, the HR staff to City employee ratio is high and the conclusion is that other agencies have more HR staff to support their employees than San Bruno.

Peer Survey: HR Staffing and HR Director Position Comparison						
City	City Population	No. of Total City Employees	No. of HR Employees	Does the City have an <u>HR Director</u> position?	Ratio of HR Staff to City Employees (Read as X HR staff for each city employee)	Rank (1= Lowest HR Staffing, 12= Highest HR Staffing)
Belmont	27,225	136	3.0	Yes	45.3	10
Burlingame	30,106	225	4.0	Yes	56.3	7
Daly City	101,243	482	6.0	Yes	80.3	5
Redwood City	81,643	551	7.0	Yes	78.7	6
San Mateo, City	102,200	605	11.0	Yes	55.0	8
South San Francisco	64,251	581	7.0	Yes	83.0	4
Pacifica	37,099	224	2.0	No	112.0	1
San Bruno	42,275	262	2.5	No	104.8	2
Foster City	32,517	172	4.0	Yes	43.0	11
Hillsborough	11,016	92	1.0	No	92.0	3
Menlo Park	32,475	271	5.0	No	54.2	9
Millbrae	22,277	92	2.5	Yes	36.8	12
Source: US Census 2021 Population Estimates & Municipal Budget Documents & Official City Webpages						

Human Resources Director Enhancement Request Detail

June 28, 2022

Page 4 of 5

Peer Survey: Assistant City Manager Position Comparison	
City	Does the City have an <u>Assistant City Manager</u> position?
Belmont	Yes
Burlingame	No
Daly City	Yes
Redwood City	Yes
San Mateo, City	Yes
South San Francisco	Yes
Pacifica	Yes, Partial ¹
San Bruno	Yes, Partial ²
Foster City	Yes ³
Hillsborough	No
Menlo Park	Yes
Millbrae	No

¹ ACM position also oversees the finance, human resources and other administrative services.

² ACM position also oversees the human resources.

³ Deputy City Manager position

Source: US Census 2021 Population Estimates & Municipal Budget Documents & Official City Webpages

A revised organizational chart for the City Manager's Office that includes the elimination of a vacant Economic Development Manager position and replacement with a Human Resources Director position can be found as Attachment 2 of this memo.

The City added the Economic Development Manager position to the budget in FY 2021-22. However, the position has remained vacant. Recruitment for the position has been unsuccessful, with two candidates being offered the position but later declining the position offer. At present, the position has remained open-until filled, but has not garnered interest from highly qualified candidates. Additionally, staff has initiated conversations with the Bay Area Entrepreneur Center (BAEC) of Skyline College, located in downtown San Bruno, to explore a partnership to support small and medium sized businesses. This enhancement request includes the retention of approximately \$48,000 from savings to provide initial seed funding to explore and support economic development opportunities with BAEC or another partnering organization.

The following chart provides a financial summary for the enhancement request in the FY 2022-23 budget.

Current FY 2022-23 Proposed CMO Budget for ACM & Econ. Dev. Manager Positions

Position	Salary	Benefits	Annual Total
Assistant City Manager	227,112	60,904	288,016
Economic Development Manager	126,120	45,829	171,949
Total			459,965

Revised FY 2022-23 Proposed CMO Budget for ACM & Econ. Dev. Manager Positions

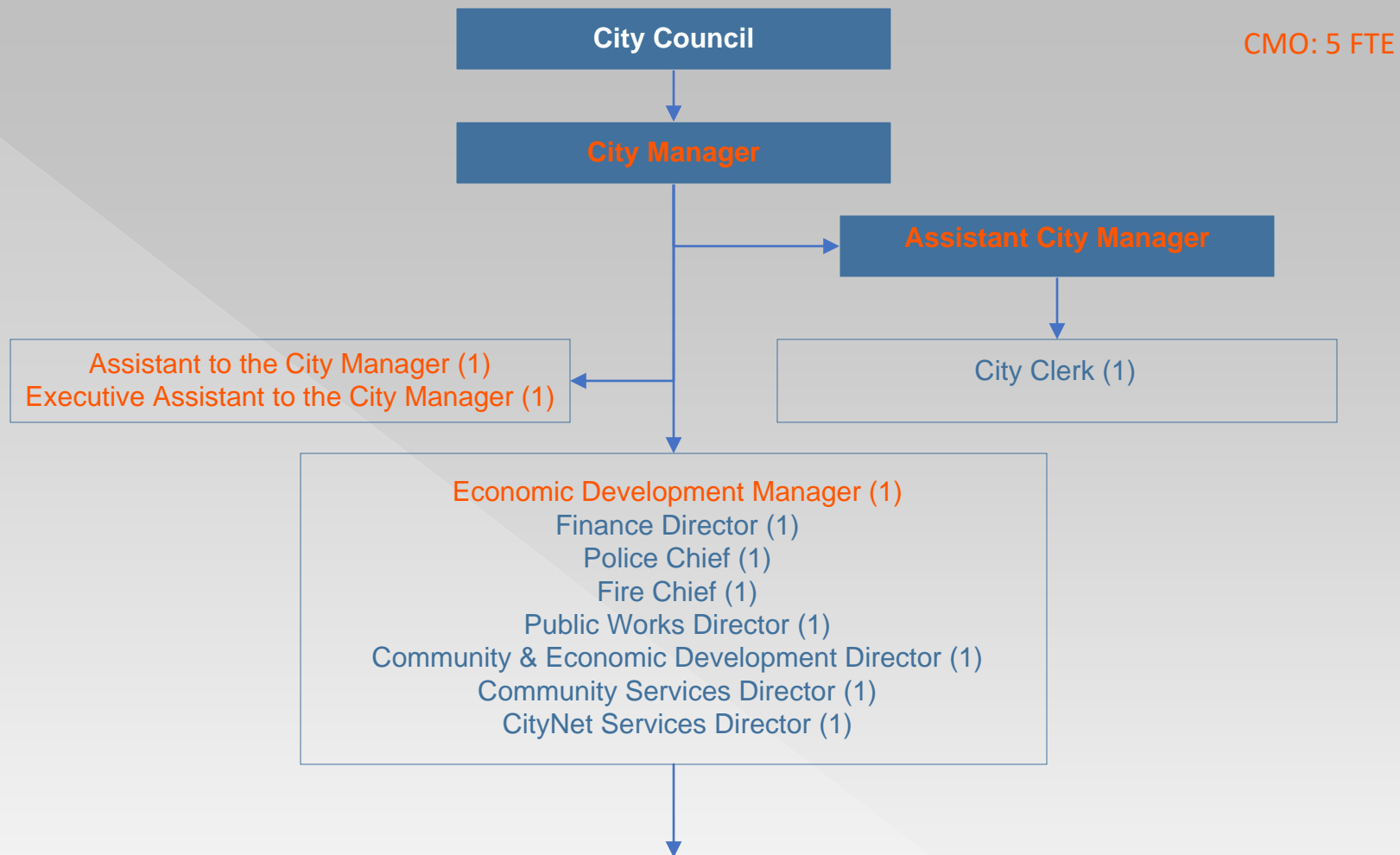
Position	Salary	Benefits	Annual Total	10-Months
Assistant City Manager	227,112	60,904	288,016	228,013
HR Director	206,856	25,692	232,548	184,101
Total			520,564	412,113

Summary

Position	Annual Total
Current Proposed Budget	459,965
Revised Proposed Budget	412,113
Difference	47,852
Allocation to Contract Economic Development Support	47,852
Net Budgetary Impact in FY 2022-23	0

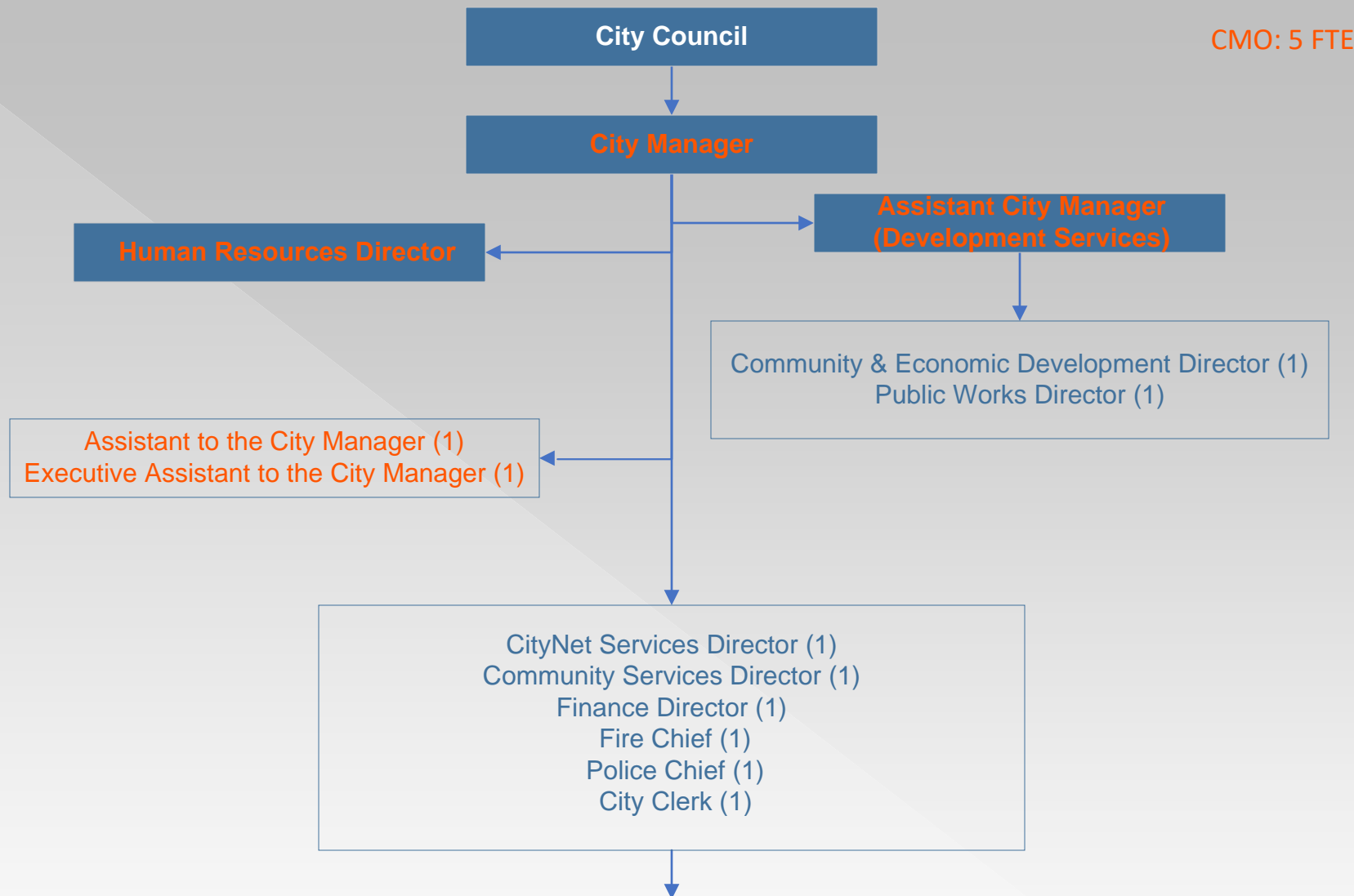
Attachments:

1. Current City Manager's Office Organizational Chart
2. Revised City Manager's Office Organizational Chart



Functions:

- City Council policy and development and strategic planning
- Management and oversight of organization, including the delivery of all City services and operations including critical public safety services
- Community relations and outreach
- Budget development, management, and implementation
- External organization relations
- Economic development program
- Special project management



Functions:

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- Special project management

RESOLUTION NO. 2022-_____

**RESOLUTION APPROVING CITY'S APPROPRIATIONS LIMIT
(GANN LIMIT) OF \$51,583,158 FOR FY2022-23**

WHEREAS, Article XIII of the California Constitution and Section 7900 et seq. of the California Government Code require cities to adopt limits on appropriations for each fiscal year, and

WHEREAS, the Appropriation Limit has been calculated for FY2022-23 as set forth in the Gann Appropriation Limit Report, and

WHEREAS, the staff report and the documentation used in determining the Appropriations Limit and the appropriations subject to limit have been made available to the public as required by law, and

NOW, THEREFORE, BE IT RESOLVED by the San Bruno City Council that:

1. The adjustment factors selected for calculating this Appropriations Limit are based on California Per Capita Income change of 7.55% and the San Mateo County population change of -0.92%;
2. The Appropriation Limit for FY2022-23 is established at \$51,583,158; and
3. The City Council reserves the right to recalculate this Appropriations Limit utilizing Non-Residential Assessed Valuation.

Dated: June 28, 2022

—oOo—

I hereby certify the foregoing Resolution No. 2022-
was introduced and adopted by the San Bruno City Council
at a regular meeting on June 28, 2022 by the following vote:

AYES:
NOES:
ABSENT:

ATTEST:

Vicky Hasha
Deputy City Clerk

City of San Bruno
FY2022-23 Gann Appropriation Limit
Date Prepared: 6/20/2022

FY2021-22 Appropriation Limit	\$	48,407,373
Calculation of FY2022-23 Adjustment Factor		
Annual Change Factors		
Cost of Living Adjustment Factors for FY2022-23		
California Per Capita Personal Income (CPCPI)	7.55%	
Population Adjustment Factors for FY2022-23		
San Mateo County Population Change	-0.92%	
Adjustment Factor for FY2022-23		
$(1 + 0.0755) \times (1 - 0.0092)$		<u>1.06560540</u>
FY2022-23 Appropriation Limit		<u>51,583,158</u>
Proceeds of Taxes		44,068,694
Exclusions:		
Qualified Capital Projects and Debt		<u>(1,373,175)</u>
FY2022-23 Appropriations Subject to Limit		<u>42,695,519</u>
Over (Under) Appropriations Limit	\$	<u><u>(8,887,639)</u></u>
Percent Over (Under)	-17.23%	

City of San Bruno
FY2022-23 Gann Appropriation Limit
Date Prepared: 6/20/2022

Fiscal Year Ending June 30,	Adjustment Factor	Gann Limit	Appropriation Subject to Limit	Over/(Under) Limit
2016	6.61%	37,016,046	26,497,883	(10,518,163)
2017	6.33%	39,358,742	27,089,610	(12,269,132)
2018	4.27%	41,039,622	28,405,924	(12,633,698)
2019	4.19%	42,758,505	29,451,210	(13,307,295)
2020	4.14%	44,529,041	32,041,337	(12,487,704)
2021	3.60%	46,129,927	31,218,833	(14,911,095)
2022	4.94%	48,407,373	34,694,437	(13,712,936)
2023	6.56%	51,583,158	42,695,519	(8,887,639)

RESOLUTION NO. 2022-07**A RESOLUTION OF THE SAN BRUNO PLANNING COMMISSION
FINDING THAT THE PROPOSED CAPITAL IMPROVEMENT PROGRAM BUDGET
FOR FISCAL YEAR 2022-23 IS IN CONFORMANCE
WITH THE CITY OF SAN BRUNO GENERAL PLAN**

WHEREAS, the City of San Bruno has prepared a proposed Capital Improvement Program (CIP) budget for Fiscal Year 2022-23 and included within the proposed budget is a coordinated program of proposed Public Works projects recommended for planning, initiation or construction throughout the ensuing fiscal year. The Fiscal Years 2023-2027 Five-Year CIP Plan is designed to identify, plan and develop projects using a long-term vision for the community's facilities and infrastructure needs. The CIP Plan outlines work programs, project descriptions, and funding needed for each project to be undertaken in the next five years. The CIP Budget for Fiscal Year 2022-23 covers a one-year period and includes proposed funding allocations to each project on which work is expected to occur during the budget year;

WHEREAS, California Government Code Section 65401 requires that the City's Planning Commission make a determination that the list of the proposed public works (e.g. capital improvement) projects recommended for planning, initiation or construction during the ensuing fiscal year ("the proposed annual CIP") is in conformance with the City's General Plan, prior to City Council adoption;

WHEREAS, The San Bruno General Plan was adopted on March 24, 2009 as the comprehensive, long-term plan for the physical development of the City and provides goals and policies that establish the basis for evaluating whether specific proposed public works (e.g. capital improvement) projects are in conformity with General Plan vision;

WHEREAS, the proposed annual CIP includes two (2) water projects, one (1) wastewater project, one (1) facility upgrade and maintenance project, and one (1) street rehabilitation and maintenance project in the proposed CIP budget for Fiscal Year 2022-23;

WHEREAS, the Planning Commission has previously reviewed proposed annual CIP Budgets and found those public works (e.g. capital improvement) projects to be in conformance with the General Plan;

WHEREAS, the Planning Commission's action to determine whether a proposed new or modified CIP project is in conformance with the General Plan, is not subject to the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15378 in that General Plan conformance findings required by State law is not a project as defined under CEQA;

WHEREAS, each project included in the CIP must undergo any required environmental review pursuant to CEQA separately;

WHEREAS, on May 17, 2022, the Planning Commission held a duly noticed public hearing to analyze the general plan conformity of two (2) water projects, one (1) wastewater

project, one (1) facility upgrade and maintenance project, and one (1) street rehabilitation and maintenance project in the proposed CIP budget for Fiscal Year 2022-23:

NOW, THEREFORE, BE IT RESOLVED that the San Bruno Planning Commission hereby finds, determines and resolves as follows:

Section 1. The Planning Commission determines that the General Plan Conformity Finding is not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15378 since it is not a project as defined under CEQA.

Section 2. The Planning Commission finds that the proposed Fiscal Years 2022-2027 Five-Year Capital Improvement Program is consistent with the General Plan policies because it will enhance the achievement of the General Plan by ensuring water and wastewater systems are adequate, maintaining public facilities, and improving infrastructure for all modes of transportation for all San Bruno's existing and expected residents and businesses.

Section 3. The Planning Commission hereby adopts Resolution No. 2022-07 finding that the proposed Fiscal Years 2022-2027 Capital Improvement Program and the Fiscal Year 2022-23 Capital Improvement Program budget is in conformity with the General Plan.

PASSED AND ADOPTED as a Resolution of the Planning Commission of the City of San Bruno at a meeting held on the 17th day of May 2022.

6/7/2022

Dated

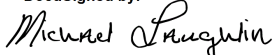
DocuSigned by:



Planning Commission Chair
Auros Ansberg Harman

ATTEST:

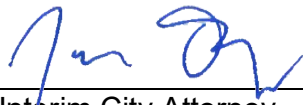
DocuSigned by:



6/8/2022

Planning Commission Secretary
Michael P. Laughlin

APPROVED AS TO FORM:



Interim City Attorney

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I, Michael P. Laughlin, Planning Commission Secretary, do hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Planning Commission of the City of San Bruno this 17th day of May 2022 by the following vote:

AYES	Commissioners:	<u>Harman, Biasotti, Lethin, Morgan, Durazo</u>
NOES	Commissioners:	<u></u>
ABSENT	Commissioners:	<u></u>
RECUSED	Commissioners	<u>Johnson, Madden</u>